UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report:

Commission file number: 001-14856

ORIX KABUSHIKI KAISHA

(Exact name of Registrant as specified in its charter)

ORIX CORPORATION

(Translation of Registrant's name into English)

Japan

(Jurisdiction of incorporation or organization)

World Trade Center Building, SOUTH TOWER, 2-4-1 Hamamatsu-cho, Minato-ku
Tokyo 105-5135, Japan

(Address of principal executive offices)

Renka Hayashi
World Trade Center Building, SOUTH TOWER, 2-4-1 Hamamatsu-cho, Minato-ku
Tokyo 105-5135, Japan
Telephone: +81-3-6777-3380
Facsimile: +81-3-6777-4104

(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
(1) American depository shares (the "ADSs"), each of which represents one share	IX	New York Stock Exchange
(2) Common stock without par value (the "Shares")*		

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of March 31, 2026, 1,124,106,624 Shares were outstanding, including Shares that were represented by 33,263,285 ADSs.

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Note—Checking the box above will not relieve any Registrant required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 from their obligations under those sections.

Indicate by check mark whether the Registrant**:**(1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the Registrant submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer" , "accelerated filer", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

☒ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the Registrant has used to prepare the financial statements included in this filing.

☒ U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

☐ Yes ☐ No

* Not for trading, but only for technical purposes in connection with the registration of the ADSs.

TABLE OF CONTENTS

		Page
Certain Defined Terms, Conventions and Presentation of Financial Information		ii
Forward-Looking Statements		ii
PART I		1
Item 1.	Identity of Directors, Senior Management and Advisers	1
Item 2.	Offer Statistics and Expected Timetable	1
Item 3.	Key Information	1
Item 4.	Information on the Company	13
Item 4A.	Unresolved Staff Comments	39
Item 5.	Operating and Financial Review and Prospects	40
Item 6.	Directors, Senior Management and Employees	129
Item 7.	Major Shareholders and Related Party Transactions	160
Item 8.	Financial Information	162
Item 9.	The Offer and Listing	163
Item 10.	Additional Information	163
Item 11.	Quantitative and Qualitative Disclosures about Market Risk	178
Item 12.	Description of Securities Other than Equity Securities	181
PART II		182
Item 13.	Defaults, Dividend Arrearages and Delinquencies	182
Item 14.	Material Modifications to the Rights of Security Holders and Use of Proceeds	182
Item 15.	Controls and Procedures	182
Item 16A.	Audit Committee Financial Expert	183
Item 16B.	Code of Ethics	183
Item 16C.	Principal Accountant Fees and Services	183
Item 16D.	Exemptions from the Listing Standards for Audit Committees	184
Item 16E.	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	185
Item 16F.	Change in Registrant's Certifying Accountant	186
Item 16G.	Corporate Governance	186
Item 16H.	Mine Safety Disclosure	187
Item 16I.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	187
Item 16J.	Insider Trading Policies	188
Item 16K.	Cybersecurity	188
PART III		190
Item 17.	Financial Statements	190
Item 18.	Financial Statements	190
Item 19.	Exhibits	191
SIGNATURES		192
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS		F-1

CERTAIN DEFINED TERMS, CONVENTIONS AND PRESENTATION OF FINANCIAL INFORMATION

As used in this annual report, unless the context otherwise requires, the "Company" and "ORIX" refer to ORIX Corporation, and "ORIX Group," "Group," "we," "us," "our" and similar terms refer to ORIX Corporation and its subsidiaries.

In this annual report, "subsidiary" and "subsidiaries" refer to consolidated subsidiaries of ORIX, generally companies in which ORIX owns more than 50% of the outstanding voting stock and exercises effective control over the companies' operations; and "affiliate" and "affiliates" refer to all of our affiliates accounted for by the equity method, generally companies in which ORIX has the ability to exercise significant influence over their operations by way of 20-50% ownership of the outstanding voting stock or other means.

The consolidated financial statements of ORIX have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). For certain entities where we hold majority voting interests but noncontrolling shareholders have substantive participating rights to decisions that occur as part of the ordinary course of the business, the equity method is applied. In addition, the consolidated financial statements also include variable interest entities ("VIEs") of which the Company and its subsidiaries are primary beneficiaries. Unless otherwise stated or the context otherwise requires, all amounts in such financial statements are expressed in Japanese yen.

References in this annual report to "¥" or "yen" are to Japanese yen and references to "US$," "$" or "dollars" are to United States dollars.

Certain monetary amounts and percentage data included in this annual report have been subject to rounding adjustments for the convenience of the reader. Accordingly, figures shown as totals in tables may not be equal to the arithmetic sums of the figures that precede them.

The Company's fiscal year ends on March 31. The fiscal year ended March 31, 2026 is referred to throughout this annual report as "fiscal 2026," and other fiscal years are referred to in a corresponding manner. References to years not specified as being fiscal years are to calendar years.

FORWARD-LOOKING STATEMENTS

This annual report contains statements that constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). When included in this annual report, the words "will," "should," "expects," "intends," "anticipates," "estimates" and similar expressions, among others, identify forward looking statements. Such statements, which include, but are not limited to, statements contained in "Item 3. Key Information—Risk Factors," "Item 5. Operating and Financial Review and Prospects" and "Item 11. Quantitative and Qualitative Disclosures About Market Risk," inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those set forth in such statements. These forward-looking statements are made only as of the filing date of this annual report. The Company expressly disclaims any obligation or undertaking to release any update or revision to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

SELECTED FINANCIAL DATA

The following selected consolidated financial information has been derived from our consolidated financial statements as of each of the dates and for each of the periods indicated below except for "Number of employees." This information should be read in conjunction with and is qualified in its entirety by reference to our consolidated financial statements, including the notes thereto, included in this annual report in Item 18, which have been audited by KPMG AZSA LLC.

	Year ended March 31,				
	2022	2023	2024	2025	2026
			(Millions of yen)		
Income statement data:					
Total revenues	¥2,508,043	¥2,663,659	¥2,814,361	¥2,874,821	¥3,330,831
Total expenses	2,215,160	2,327,736	2,453,648	2,542,995	2,874,583
Operating Income	292,883	335,923	360,713	331,826	456,248
Equity in Net Income of Equity method investments	24,565	22,081	36,774	57,182	123,872
Gains on Sales of Subsidiaries and Equity method investments and Liquidation Losses, net	191,999	33,000	72,488	87,705	111,311
Bargain Purchase Gain	0	1,174	0	3,750	0
Income before Income Taxes	509,447	392,178	469,975	480,463	691,431
Net Income	322,853	296,933	338,587	351,635	458,328
Net Income (Loss) Attributable to the Noncontrolling Interests	5,477	6,561	(7,682)	(389)	11,821
Net Income (Loss) Attributable to the Redeemable Noncontrolling Interests	0	32	137	394	(758)
Net income attributable to ORIX Corporation Shareholders	317,376	290,340	346,132	351,630	447,265

	As of March 31,				
	2022	2023	2024	2025	2026
	(Millions of yen, except number of shares)				
Balance sheet data:					
Net investment in Leases*1	¥ 1,057,973	¥ 1,087,563	¥ 1,155,023	¥ 1,167,380	¥ 1,247,491
Installment Loans*1	3,899,503	3,905,026	3,958,814	4,081,019	4,173,582
Allowance for Credit Losses	(71,415)	(65,373)	(58,110)	(56,769)	(80,194)
Investment in Operating Leases	1,463,202	1,537,178	1,868,574	1,967,178	2,152,820
Investment in Securities	2,761,698	2,852,378	3,263,079	3,234,547	3,308,829
Property under Facility Operations	561,846	620,994	689,573	771,851	779,075
Others	4,607,877	5,351,619	5,445,147	5,701,045	6,421,173
Total Assets	¥ 14,280,684	¥ 15,289,385	¥ 16,322,100	¥ 16,866,251	¥ 18,002,776
Short-term Debt, Long-term Debt and Deposits	¥ 7,142,843	¥ 7,964,864	¥ 8,446,306	¥ 8,732,610	¥ 9,163,550
Policy Liabilities and Policy Account Balances	1,912,698	1,832,057	1,892,510	1,948,047	1,943,710
Common Stock	221,111	221,111	221,111	221,111	221,111
Additional Paid-in Capital	260,479	233,169	233,457	234,193	235,239
ORIX Corporation Shareholders' Equity	3,304,196	3,543,607	3,941,466	4,089,782	4,482,500
Number of Issued Shares	1,258,277,087	1,234,849,342	1,214,961,054	1,162,962,244	1,124,106,624
Number of Outstanding Shares*2	1,193,399,778	1,170,305,869	1,151,485,206	1,136,289,549	1,098,586,820

	As of and for the Year Ended March 31,				
	2022	2023	2024	2025	2026
	(Yen and dollars, except ratios and number of employees)				
Key ratios (%)*3:					
Return on ORIX Corporation Shareholders' equity ("ROE")	10.0	8.5	9.2	8.8	10.4
Return on assets ("ROA")	2.28	1.96	2.19	2.12	2.57
ORIX Corporation Shareholders' equity ratio	23.1	23.2	24.1	24.2	24.9
Allowance for credit losses/net investment in leases and installment loans	1.4	1.3	1.1	1.1	1.5
Per share data and employees:					
ORIX Corporation Shareholders' equity per share*4	¥2,768.72	¥3,027.93	¥3,422.94	¥3,599.24	¥4,080.24
Basic earnings per share for net income attributable to ORIX Corporation Shareholders	263.72	245.98	298.55	307.74	400.27
Diluted earnings per share for net income attributable to ORIX Corporation Shareholders	263.42	245.65	298.05	307.16	399.40
Dividends applicable to fiscal year per share	85.60	85.60	98.60	120.01	156.10
Dividends applicable to fiscal year per share*5	$ 0.70	$ 0.62	$ 0.66	$ 0.82	$ 0.99
Number of employees	32,235	34,737	33,807	33,982	37,286

*1 The sum of net investment in leases and installment loans considered non-performing amounted to ¥85,303 million, ¥86,047 million, ¥95,019 million, ¥114,467 million and ¥112,851 million as of March 31, 2022, 2023, 2024, 2025 and 2026, respectively. These sums included: (i) net investment in leases considered non-performing of ¥19,224 million, ¥16,841 million, ¥20,805 million, ¥21,820 million and ¥27,077 million as of March 31, 2022, 2023, 2024, 2025 and 2026, respectively, (ii) non-performing installment loans not

individually assessed for credit losses of ¥13,600 million, ¥20,902 million, ¥19,792 million, ¥30,214 million and ¥18,276 million as of March 31, 2022, 2023, 2024, 2025 and 2026, respectively, and (iii) non-performing installment loans individually assessed for credit losses of ¥52,479 million, ¥48,304 million ¥54,422 million, ¥62,433 million and ¥67,498 million, as of March 31, 2022, 2023 2024, 2025 and 2026, respectively. See "Item 5. Operating and Financial Review and Prospects—Results of Operations—Year Ended March 31, 2026 Compared to Year Ended March 31, 2025—Details of Operating Results—Revenues, New Business Volumes and Investments—Asset quality."

*2 The Company's shares held through the Board Incentive Plan Trust, which was established in July 2014 to provide shares at the time of retirement as compensation, are included in the number of treasury stock and excluded from the number of outstanding shares. The Board Incentive Plan Trust held 1,963,282 shares, 2,800,866 shares, 2,727,686 shares, 3,413,000 shares and 3,035,102 shares as of March 31, 2022, 2023, 2024, 2025 and 2026, respectively.

*3 Return on ORIX Corporation Shareholders' equity is the ratio of net income attributable to ORIX Corporation Shareholders for the period to average ORIX Corporation Shareholders' equity based on fiscal year beginning and ending balances for the period. Return on assets is the ratio of net income attributable to ORIX Corporation Shareholders for the period to average total assets based on fiscal year beginning and ending balances for the period. ORIX Corporation Shareholders' equity ratio is the ratio as of the period end of ORIX Corporation Shareholders' equity to total assets. Allowance for credit losses/net investment in leases and installment loans is the ratio as of the period end of the allowance for credit losses on net investment in leases and installment loans to the sum of net investment in leases and installment loans.

*4 ORIX Corporation Shareholders' equity per share is the amount derived by dividing ORIX Corporation Shareholders' equity by the number of outstanding shares.

*5 The U.S. dollar amounts represent translations of the Japanese yen amounts using noon buying rates for Japanese yen per $1.00 in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York in effect on the respective dividend payment dates.

RISK FACTORS

Investing in our securities involves risks. You should carefully consider the risks described below as well as all the other information in this annual report, including, but not limited to, our consolidated financial statements and related notes and "Item 11. Quantitative and Qualitative Disclosures about Market Risk." Our business activities, financial condition and results of operations and the trading prices of our securities could be adversely affected by any of the factors discussed below or other factors. Even if we do not incur direct financial loss as a result of these risks, our reputation may be adversely affected. This annual report also contains forward-looking statements that involve uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to, the risks faced by us described below and elsewhere in this annual report. See "Forward-Looking Statements." Forward-looking statements in this section are made only as of the filing date of this annual report.

For information about our management of the principal risks we face, see "Item 5. Operating and Financial Review and Prospects—Risk Management—Management of Principal Risks."

1. Risks Related to our External Environment

(1) Global economic weakness and instability or political turmoil could adversely affect our business activities, financial condition and results of operations.

We conduct business operations in Japan and other areas of Asia, as well as in the Americas, Europe, and Australia. Our business may be affected by general geopolitical, economic and financial conditions in the countries and regions in these areas. More specifically, the uncertainties of policy changes under the second Trump administration in the United States, the geopolitical risks resulting from the prolonged armed conflict between Russia and Ukraine, the tensions and conflicts in the Middle East, the occurrence of wars and riots, fluctuations in commodity market prices, increases in raw material and construction costs, decreases in consumer demand, trade frictions and technology disputes among major trading partners, including the United States and China, and other factors may result in increased uncertainties in our business environment, making it harder to predict the adverse effects of such factors, which could adversely affect our business activities, financial condition and results of operations.

(2) Competition could affect our business

We compete on the basis of pricing, transaction structure, service quality and other terms. It is possible that our competitors may seek to compete aggressively on the basis of pricing and other terms through their low funding costs or without regard to their profitability. In addition, technological advances and innovation may result in the emergence of new competitors and as a result, we may be forced to adapt our business to compete more effectively. As a result of such aggressive competition by our competitors, our market share or our profitability may decline.

(3) Negative publicity could affect our business activities, financial condition, results of operations and share price

Our business is built upon the confidence of our customers and market participants. Whether based on facts or not, negative publicity about our activities, our industries or the parties with whom we do business could harm our reputation and diminish confidence in our business. In such an event, we may lose customers or business opportunities, which could adversely affect our business activities, financial condition and results of operations, as well as our share price.

(4) Climate change could impact our business

Physical risks and transition risks associated with climate change may adversely affect the ORIX Group's business activities, financial condition and results of operations.

Physical risks may arise from the intensification and increased frequency of extreme weather events and natural disasters, which could result in interruptions to our business due to damage to operating facilities and business locations, as well as increased costs associated with recovery efforts and the implementation of countermeasures. In addition, damage to customers and investees may lead to an increase in credit-related costs, and the value of assets held or invested in could decline.

Transition risks may arise from changes in climate change policies and regulations, technological innovations and shifts in market conditions associated with the transition to a decarbonized society, which could result in constraints on our business activities and increased costs. Transition risks may also cause deterioration in the performance of customers and changes in the business environment of investees, which may lead to increased credit-related costs, and the value of assets held by us or investees may decline.

For further information, see "Item 4. Information on the Company—Sustainability at ORIX and Our Initiatives."

(5) Risk related to natural disasters and other calamities could impact our business

Unpredictable events such as earthquakes, storms, floods, tsunamis and other natural phenomena, extreme weather conditions, fires, pandemics, etc. may, among other things, cause unexpectedly large market changes or unanticipated deterioration of economic conditions in a country or a region, or cause major injuries to our personnel or damages to our facilities, equipment and other properties. As a result of such events, our business activities, financial condition and results of operations could be adversely affected.

2. Credit Risk

We maintain an allowance for credit losses mainly on finance leases and loans. However, we cannot be sure that the allowance will be adequate to cover all future credit losses. This allowance could be inadequate in the case of unexpected adverse changes in the Japanese and overseas economies in which we operate, or unexpected deterioration of specific industries, markets or customers' business performance. While we constantly strive to diversify risks through portfolio management, we could be required to make additional provisions in the future depending on rapid interest rate fluctuations, economic trends and other factors.

Furthermore, if adverse economic or market conditions affect the value of underlying collateral, secondhand equipment, or other collateral measures, our credit-related costs other than the allowance might increase. If any such event occurs, our business activities, financial condition and results of operations could be adversely affected.

3. Business Risk

We define business risk as the uncertainty of recovery of investments caused by the negative performance of our businesses or investees, variability in market prices for the types of products or services we offer or the potential degradation or obsolescence of the products or services we offer or a decline in their quality.

(1) We are exposed to risks from expansion of our businesses, acquisitions of companies and assets, entry into joint ventures and alliances with other companies and similar activities with uncertain outcomes

We are engaged in a broad range of businesses in Japan and overseas and continue to expand such range, including through acquisitions of companies and businesses. The breadth of our business and continued expansion may expose us to new and complex risks that we may be unable to fully control or foresee, and, as a result, we may incur unexpected and potentially substantial costs or losses. Such unexpected costs and losses, which may result from regulatory, technological or other factors, may be particularly acute when we expand our business through acquisitions. In addition, we may not achieve targeted results if our business or business

opportunities do not develop as expected or if competitive pressures undermine profitability. Furthermore, when we acquire companies or businesses to expand our business, we could be required to make large write-downs of goodwill or other assets if the results of operations of an acquired company or business are lower than what we expected at the time we made such acquisition, or if they encounter other financial or operational difficulties.

We have a wide range of investments in business operations, including operations that are very different from our financial services business. If we fail to manage our investee companies effectively, we may experience financial losses as well as losses of future business opportunities. In addition, we may not be able to sell or otherwise dispose of investments at the times or prices we initially expected or at all. We may also need to provide financial support, including credit support or equity investments, to some investee companies if their financial condition deteriorates.

From time to time we also enter into joint ventures and other alliances, and the success of these alliances is often dependent upon the operational capabilities, the financial stability and the legal environment of our counterparties. If an alliance suffers a decline in its financial condition or is subject to operational instability because of a change in applicable laws or regulations, we may be required to pay in additional capital, reduce our investment at a loss, or terminate the alliance.

If any such events occur, our business activities, financial condition results of operations and reputation may be adversely affected.

(2) We are exposed to risks related to asset value volatility

In the management of our businesses, we hold various classes of assets and investments, including real estate, aircraft, ships and other assets in Japan and overseas, which we may hold for our own use or lease to our customers. The market values of these assets and investments may be volatile and may decline substantially in the future.

Asset valuation losses are recorded based on the fair market values at the time when revaluation is conducted in accordance with applicable accounting principles. However, losses from the sale of these assets, including as a result of a sudden need for liquidity or to mitigate an adverse credit event at one of our customers, may exceed the amount of recorded valuation losses.

We estimate the residual value for certain operating leases at the time of contract. Our estimates of the residual value of equipment are based on current market values of used equipment and assumptions about when and to what extent the equipment will become obsolete; however, we may need to recognize additional valuation losses if our estimates differ from actual trends in equipment valuation and the secondhand market, and we may incur losses if we are unable to collect such estimated residual amounts.

In addition, due to our operation of asset management businesses, if there are changes in the market value of asset such as shares and other securities, it could affect the results of our asset management services, which could lead to reductions in our assets under management and related fees and negatively impact our revenue.

If any event described above occurs, our business activities, financial condition and results of operations may be adversely affected.

(3) Risks related to our other businesses

We operate a wide range of businesses in Japan and overseas, including financial services businesses.

Entry into new businesses, and the results of operations following such entry, are accompanied by various uncertainties, and if any unanticipated risk does occur, it may adversely affect our business activities, financial condition and results of operations.

4. Market Risk

(1) Changes in market interest rates and currency exchange rates could adversely affect our assets and our business activities, financial condition and results of operations

Our business activities are subject to risks relating to changes in market interest rates and currency exchange rates in Japan and overseas. Although we conduct asset-liability management ("ALM"), changes in the yield curve and currency exchange rates could adversely affect our results of operations.

When funding costs increase due to actual or perceived increases in market interest rates, financing lease terms and loan interest rates for new transactions may diverge from the trend in market interest rates.

Changes in market interest rates could have an adverse effect on the credit quality of our assets and our asset structure. For example, with respect to floating-rate loan assets, if market interest rates increase, the repayment burdens of our customers may also increase, which could adversely affect the financial condition of such customers and their ability to repay their obligations to us. Alternatively, a decline in interest rates could result in an increase in early repayment of loans and a corresponding decrease in our assets, which could adversely impact our revenue generation capabilities.

Although we enter into derivative investments to hedge our market interest and currency risks, we may not be able to perfectly hedge against all risks arising from our business operations in foreign currencies and overseas investments. As a result, a significant change in interest rates or currency exchange rates could have an adverse impact on our business activities, financial condition and results of operations.

(2) Our risk management strategy of using derivatives for hedging purposes may not be effective

We may use derivative instruments to reduce fluctuations in the value of our investments and to hedge against interest rate and currency risks. However, it is possible that this risk management strategy may not be fully effective in all circumstances due to our failure to appraise the value of assets being hedged or execute such derivative instruments properly or at all, or our failure to achieve the intended results of such hedging due to the unavailability of offsetting or roll-over transactions in the event of sudden turbulence in the market or otherwise. Furthermore, our derivatives counterparties could fail to honor the terms of their contracts with us. Our existing derivative contracts and new derivative transactions may also be adversely affected if our credit ratings are downgraded.

In such instances, our business activities, financial condition and results of operations could be adversely affected.

(3) Fluctuations in market prices of stocks and bonds may adversely affect our business activities, financial condition and results of operations

We hold investments in shares of private and public company stock and corporate and government bonds in Japan and overseas. The market values of our investment assets are volatile and may fluctuate substantially in the future. A significant decline in the value of our investment assets could adversely affect our business activities, financial condition and results of operations.

5. Liquidity Risk

Our primary sources of financing include: borrowings from banks and other institutional lenders, funding from capital markets (such as through issuances of bonds, medium-term notes or commercial paper ("CP"), securitization of loans receivables and other assets) and deposits. Such sources include a significant amount of short-term debt, such as CP and other short-term borrowings from various institutional lenders and the portion of our long-term debt maturing in the current fiscal year. Some of our financing arrangements include conditions such as compliance with financial covenants.

For the ORIX Group, an increase in liquidity risk means an increase in the likelihood that it will be difficult to raise new funds and renew existing funding, and/or that funding costs will increase. If our access to liquidity is restricted, or if we are unable to obtain our required funding at acceptable costs, our business activities, financial condition and results of operations may be significantly and adversely affected.

We obtain credit ratings from ratings agencies. Downgrades of our credit ratings due to reasons such as market turmoil or the worsening of our financial condition could result in increases in our interest expenses and could have an adverse effect on our fund-raising ability by increasing costs of issuing CP and corporate debt securities and borrowing from banks and other financial institutions, reducing the amount of bank credit available to us or decreasing the attractiveness of our equity securities to investors. As a result, our business activities, financial condition and results of operations may be significantly and adversely affected.

6. Compliance Risk

Our efforts to implement and maintain thorough internal controls for appropriate compliance and legal risk management, as well as compliance education programs for our directors, officers and other employees across the ORIX Group, in order to prevent violations of applicable laws, regulations and internal rules may not be fully effective in preventing all violations. In addition, we engage in a wide range of businesses, and our expansion into new businesses through acquisitions may cause our current internal controls to not be fully effective. If we are unable to implement and maintain robust internal controls to prevent any such violations and adjust such controls in response to expansion of our business, we may be subject to sanctions, which could also apply to our officers or employees. Such events could adversely affect our business activities, financial condition, results of operations and reputation.

In addition, we are also indirectly exposed to compliance risk through our joint venture and alliance partners, investee companies and other business partners or counterparties, whom we may not be able to control. If any of those parties engage in violations of applicable laws or regulations, our business activities, financial condition, results of operations and reputation may be adversely affected.

7. Legal Risk

(1) We are subject to various laws and regulations in Japan and overseas that may affect our business

Our businesses and employees are subject to domestic and international laws, as well as regulatory oversight by government authorities that implement those laws, relating to the various sectors in which we operate and to our business operations generally. These include laws and regulations applicable to specific businesses and industries, such as moneylending, financial instruments exchange, construction, real estate transactions, hotels, insurance, banking and trust services, as well as laws applicable more generally, such as laws and regulations on antitrust, personal data protection, anti-money laundering and anti-bribery and those applicable due to our public listing in Japan and the United States.

Regardless of whether we have violated any laws, if we become the subject of a governmental investigation, litigation or other proceeding in connection with our businesses, our business activities, financial condition, results of operations and reputation may be adversely affected.

For information on the regulations that apply to our businesses, see “Item 4. Information on the Company—Business Regulation.”

(2) Enactment of, or changes in, laws, regulations and accounting standards may affect our business activities, financial condition and results of operations

Enactment of, or changes in, laws and regulations may adversely affect the way that we conduct our business and the products or services that we may offer, as well as limit our investing and funding activities.

Such enactment or changes may increase our compliance costs. In recent years, foreign laws and regulations on subject matters such as personal data protection, anti-money laundering, anti-bribery and antitrust have been enacted and strengthened such that they may directly apply to the activities of our businesses, even if conducted outside the relevant jurisdiction. If such pattern continues and it becomes necessary for us to comply with different countries' regulations, in addition to significantly increasing the number of laws and regulations that we need to comply with, it may also significantly increase our compliance costs.

If accounting standards are changed, even if such changes do not directly affect our profitability or financial soundness, industries related to our businesses, our clients or the financial market may be negatively affected. As a result of such enactments or changes, our business activities, financial condition and results of operations could be adversely affected.

(3) Contractual deficiencies may affect our business and other initiatives

When engaging in business and other transactions, deficiencies, including our failure to execute legally required or binding agreements or our execution of agreements that do not reflect our intentions regarding parties' contractual obligations, may lead to adverse events such as our being the target of infringement, breach of contract and other legal claims by contractual counterparties and third parties or disruption of our ability to obtain rights we expected as part of such transactions. Such events may adversely affect our business activities, financial condition and results of operations.

8. Information / Cybersecurity Risk and IT Risk

(1) Risks relating to loss, theft, damage or leakage of information

We maintain various information such as customer information including information on individuals, accounting information and personnel information. If such information is lost, stolen, damaged or leaked due to cyber attacks or other unauthorized acts, the ORIX Group may be subject to investigations, corrective orders or administrative monetary penalties imposed by supervisory or regulatory authorities pursuant to applicable data protection laws and regulations, such as the Act on the Protection of Personal Information of Japan and the General Data Protection Regulation adopted in the EU. In addition, we may be subject to claims for damages or other legal liabilities asserted by affected individuals or business partners.

If any event described above occurs, our business activities, financial condition and results of operations may be adversely affected.

(2) The impact of cybersecurity attacks or breaches on our information systems and our business generally

We utilize information systems for managing customer information and financial transactions and for business operations, and in using these diverse information systems, the Company is connected via external networks to organizations within the Group, as well as to employees working remotely from home and subcontractors. Cyber attacks on these information systems or information networks, or other forms of cyber-terrorism could have adverse effects on our operations, by causing, for example, the suspension of certain products or services we provide to our customers or other interruptions of our business activities. In addition to direct impacts of an attack on a given information system, an attack may also result in widespread impacts throughout the network.

Cybersecurity risks and the frequency and sophistication of cyber attacks have significantly increased in recent years. The prolonged Russia-Ukraine conflict, as well as conflicts and increasing geopolitical tensions in various regions, including the Middle East and Asia, may heighten the risk of cyber attacks arising from international sanctions or conflicts between states, as well as cyber attacks carried out by other actors seeking to take advantage of such geopolitical conditions. In addition, we also face indirect cybersecurity risks relating to

our customers and other third parties, including counterparties in the financial services industry. For example, vulnerabilities in third-party technology systems may increase the risk that our information systems are exposed to cyber attacks. This may result in significant costs to restore business operations, or regulatory sanctions for violations of relevant laws and regulations, or the potential for damages judgments.

As a result of the above, our business activities, reputation, financial condition and results of operations may be adversely affected.

(3) Impact of system failures

System shutdowns, malfunctions or failures, the mishandling of data or fraudulent acts by employees, vendors or other third parties, or inaccurate information resulting from the use of IT tools could have adverse effects on our operations, by causing, for example, delays in the receipt and payment of funds, disruptions to our financial transactions, the generation of errors in information used by our management for business decision-making and risk management evaluation and planning, the suspension of certain products or services we provide to our customers or other interruptions of our business activities. In such event, our liquidity could be adversely affected.

We may also incur substantial costs to recover our business functionality and our business activities, financial condition, results of operations and reputation may be adversely affected.

9. Operational Risk and Other Risks

(1) Operational Risk

Our business involves many types of operational risks. Examples include inappropriate sales practices; inadequate handling of client and customer complaints; inadequate internal communication of necessary information; misconduct of officers, employees, agents, franchisees, trading associates, vendors or other third parties; errors in the settlement of accounts and conflicts with employees concerning labor and workplace management.

When we offer new products or services, we must ensure that we have the capacity to properly undertake and perform such operations. If we lack such capacity or fail to perform such operations successfully, we may lose the confidence of the market and our customers, which may cause us to suffer decreased profitability or force us to withdraw from such operations.

Our management attempts to manage operational risk and maintain it at a level that we believe is appropriate. However, operational risk is part of the business environment in which we operate, and despite our control measures, our business activities, financial condition results of operations and reputation may be adversely affected at any time due to this risk.

(2) Our risk management may not be effective

We continuously seek to improve our risk management function. However, due to the rapid expansion of our business or significant changes in the business environment, our risk management may not always be effective. As a result, our business activities, financial condition and results of operations may be adversely affected. For a detailed discussion of our risk management system, see “Item 5. Operating and Financial Review and Prospects—Risk Management.”

(3) We may not be able to hire or retain qualified personnel

Our businesses require a considerable investment in human resources and the retention of qualified personnel in order to successfully compete in markets in Japan and overseas. If we cannot develop, hire or retain

the necessary qualified personnel, we may incur additional costs to hire specialists or the quality of our products and services may decline, which could prevent us from continuing our business operation in a stable manner and adversely affect our business activities, financial condition and results of operations.

For further information about our initiatives related to human resources strategy, see "Item 4. Information on the Company—Sustainability at ORIX and Our Initiatives."

(4) Our internal control over financial reporting in future periods may be found insufficient

We have established and assessed our internal control over financial reporting in a manner intended to ensure compliance with the requirements of various laws and regulations. However, in such cases as unpredictable problems should occur, the evaluation process of our internal control over financial reporting may be partially unfulfilled, or such problems may cause us to report the presence of material deficiencies in our internal control, which could cause a loss of investor confidence in the reliability of our financial statements and cause our share price to fall. As a result, our business activities, financial condition, results of operations and reputation may be adversely affected.

10. Risks Related to Holding or Trading our Shares and ADRs

(1) Rights of shareholders under Japanese law may be different from those under the laws of other jurisdictions

Our Articles of Incorporation, the regulations of our board of directors and the Companies Act govern our corporate affairs. Legal principles relating to matters such as the validity of corporate procedures, directors' and officers' fiduciary duties and shareholders' rights are different from those that would apply if we were incorporated elsewhere. Shareholders' rights under Japanese law are different in some respects from shareholders' rights under the laws of jurisdictions within the United States and other countries. You may have more difficulty in asserting your rights as a shareholder than you would as a shareholder of a corporation organized in a jurisdiction outside Japan. For a detailed discussion of the relevant provisions of the Companies Act and our Articles of Incorporation, see "Item 10. Additional Information—Memorandum and Articles of Incorporation."

(2)Because ORIX and its directors and executive officers are located outside the United States, investors may have difficulty serving legal process on them in the United States or enforcing U.S. court judgments, including judgments based on U.S. federal securities laws

ORIX is a joint stock corporation formed in Japan. Almost all of ORIX's directors and executive officers are residents of countries other than the United States. Although some of ORIX's subsidiaries have substantial assets in the United States, substantially all of ORIX's assets and the assets of ORIX's directors and executive officers are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon ORIX or ORIX's directors and executive officers or to enforce against ORIX or those persons, in U.S. courts, judgments of U.S. courts predicated upon the civil liability provisions of U.S. securities laws. ORIX has been advised by its Japanese counsel that there is doubt, in original actions or in actions to enforce judgments of U.S. courts, as to the enforceability in Japan of civil liabilities based solely on U.S. securities laws. A Japanese court may refuse to allow an original action based on U.S. securities laws.

The United States and Japan do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil or commercial matters. Therefore, if you obtain a civil judgment by a U.S. court, you will not necessarily be able to enforce such judgment directly in Japan.

(3) We may be a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. investors

We believe that we may have been a passive foreign investment company (a "PFIC") under the U.S. Internal Revenue Code of 1986, as amended, for the year to which this report relates because of the composition of our

assets and the nature of our income. In addition, we may be a PFIC in the foreseeable future. Assuming this is the case, U.S. investors in our Shares or ADSs will be subject to special rules of taxation in respect of certain dividends or gains on such Shares or ADSs, including the treatment of gains realized on the disposition of, and certain dividends received on, the Shares or ADSs as ordinary income earned pro rata over a U.S. investor's holding period for such Shares or ADSs, taxed at the maximum rate applicable during the years in which such income is treated as earned, with the resulting tax liability subject to interest charges for a deemed deferral benefit. In addition, in the case of any dividends that are not subject to the foregoing rule, the favorable rates of tax applicable to certain dividends received by certain non-corporate U.S. investors would not be available. See "Item 10. Additional Information—Taxation—United States Taxation." Investors are urged to consult their own tax advisors regarding all aspects of the income tax consequences of investing in our Shares or ADSs.

(4) If you hold fewer than 100 Shares, you will not have all the rights of shareholders with 100 or more Shares

One "unit" of our Shares is comprised of one hundred Shares. Each unit of the Shares has one vote. A holder who owns Shares other than in multiples of one hundred will own less than a whole unit (i.e., for the portion constituting of fewer than one hundred Shares.) The Companies Act imposes significant restrictions on the rights of holders of shares constituting less than a whole unit, which include restrictions on the right to vote. Under the unit share system, a holder of Shares constituting less than a unit has the right to require ORIX to purchase its Shares and the right to require ORIX to sell it additional Shares to create a whole unit. However, a holder of ADRs is not permitted to withdraw underlying Shares representing less than one unit, which is equivalent to 100 ADSs, and, as a practical matter, is unable to require ORIX to purchase those underlying Shares. The unit share system, however, does not affect the transferability of ADSs, which may be transferred in lots of any number of whole ADSs.

(5) Foreign exchange fluctuations may affect the value of our securities and dividends

Market prices for our ADSs may decline if the value of the yen declines against the dollar. In addition, the dollar amount of cash dividends or other cash payments made to holders of ADSs will decline if the value of the yen declines against the dollar.

(6) A holder of ADRs has fewer rights than a shareholder and must act through the depositary to exercise those rights

The rights of shareholders under Japanese law to take various actions, including voting shares, receiving dividends and distributions, bringing derivative actions, examining a company's accounting books and records and exercising dissenters' rights, are available only to holders of record on a company's register of shareholders. The shares represented by our ADSs are registered in the name of a nominee of the depositary, through its custodian agent. Only the depositary is able to exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares represented by our ADSs as instructed by the holders of the ADRs representing such ADSs and will pay to those holders the dividends and distributions collected from us. However, a holder of ADRs will not be able to directly bring a derivative action, examine our accounting books and exercise dissenters' rights through the depositary unless the depositary specifically undertakes to exercise those rights and is indemnified to its satisfaction by the holder for doing so.

Item 4. Information on the Company

GENERAL

ORIX is a joint stock corporation *(kabushiki kaisha)* formed under Japanese law. Our principal place of business is at World Trade Center Building, SOUTH TOWER, 2-4-1 Hamamatsu-cho, Minato-ku, Tokyo 105-5135, Japan, and our phone number is: +81 3 3435 3000. Our general contact URL is https://www.orix.co.jp/grp/en/contact/inquiry-eng.html and our corporate website URL is: https://www.orix.co.jp/grp/en. The information on our website is not incorporated by reference into this annual report. ORIX Corporation USA is ORIX's agent in the United States, and its principal place of business is at 2001 Ross Avenue, Suite 1900, Dallas, Texas 75201, USA.

CORPORATE HISTORY

ORIX was established in April 1964 in Osaka, Japan as Orient Leasing Co., Ltd. by three trading companies and five banks that included Nichimen Corporation, Nissho Corporation and Iwai Corporation (presently Sojitz Corporation), the Sanwa Bank (presently The Bank of Mitsubishi UFJ, Ltd.), Toyo Trust & Banking (presently Mitsubishi UFJ Trust and Banking Corporation), the Industrial Bank of Japan and Nippon Kangyo Bank (presently Mizuho Bank, Ltd.), and the Bank of Kobe (presently Sumitomo Mitsui Banking Corporation).

Our initial development occurred during the period of sustained economic growth in Japan during the 1960s and the early 1970s. We capitalized on the growing demand in this period by expanding our portfolio of leasing assets.

During this time, our marketing strategy shifted from a focus on using the established networks of the trading companies and other initial shareholders to one that concentrated on independent marketing as the number of our branches expanded. In April 1970, we listed our Shares on the second section of the Osaka Securities Exchange. Since February 1973, our Shares had been listed on the first sections of the Tokyo Stock Exchange and the Osaka Securities Exchange (which was integrated into the Tokyo Stock Exchange in 2013). Since April 2022, we have transitioned from the First Section to the Prime Market under the restructure of the Tokyo Stock Exchange's market segments. ORIX was also listed on the first section of the Nagoya Stock Exchange from February 1973 to October 2004.

ORIX set up a number of specialized leasing companies to tap new market potential, starting with the establishment of Orient Auto Leasing Corporation (presently ORIX Auto Corporation) in 1973 and Orient Instrument Rentals Corporation (presently ORIX Rentec Corporation), Japan's first electric measuring equipment rental company, in 1976. With the establishment of the credit company Family Consumer Credit Corporation (ORIX Credit Corporation (presently DOCOMO Finance, Inc.) ("ORIX Credit (presently DOCOMO Finance)"), concentrating on card loans) in 1979, ORIX began to move into the retail market by offering financing services to individuals.

It was also during this time that ORIX began expanding overseas, commencing with the establishment of its first overseas office in Hong Kong in 1971, followed by Singapore (1972), Malaysia (1973), Indonesia (1975), the Philippines (1977) and Thailand (1978).

In the 1980s and early 1990s, ORIX established offices in the United States (1981), Australia (1986), Pakistan (1986) and Taiwan (1991). The Japanese company Budget Rent-a-Car (presently ORIX Auto Corporation) was also established in 1985.

In 1989, we introduced a corporate identity program and changed our name to ORIX Corporation from Orient Leasing Co., Ltd. to reflect our increasingly international profile and diversification into financial services other than leasing.

In 1991, ORIX established ORIX Aviation Systems Limited in Ireland. In the same year, ORIX established ORIX Omaha Life Insurance Corporation (presently ORIX Life Insurance Corporation ("ORIX Life Insurance"))

and entered the life insurance business. In 1998, ORIX purchased Yamaichi Trust & Bank, Ltd. (presently ORIX Bank Corporation ("ORIX Bank")). In 1998, ORIX listed on the New York Stock Exchange (Ticker Symbol: IX) and, through registration with the U.S. Securities and Exchange Commission ("SEC"), has worked to further strengthen its corporate governance regulations. ORIX Real Estate Corporation was established in 1999 to concentrate on condominium development that was first begun in 1993 as well as develop office buildings in pursuit of improved real estate expertise. In 1999, we established ORIX Asset Management and Loan Services Corporation, the shares of which were all sold in July 2025.

Since 2000, we have actively expanded our automobile-related operations by acquiring companies and assets. We combined seven automobile-related companies into ORIX Auto Corporation in 2005.

We have also continued our overseas expansion. In China, we established a rental company in Tianjin in 2004 and in 2005 established a leasing company in Shanghai. In 2009, we established a Chinese Headquarters in Dalian. We also set up local subsidiaries in Saudi Arabia (2001), and the United Arab Emirates (2002).

In 2006, we entered the investment banking field in the United States with the acquisition of Houlihan Lokey, Inc., the shares of which were all sold by July 2019. In 2010, we acquired RED Capital Group (presently ORIX Real Estate Capital Holdings, LLC), a U.S.-based company that provides financing for multi-family, senior living and healthcare-related real estate development projects in the United States. In 2010, we also acquired Mariner Investment Group LLC, a leading independent SEC-registered hedge fund manager, the shares of which were all sold in July 2020.

We managed ORIX Credit (presently DOCOMO Finance) over a continuous three-year period jointly with Sumitomo Mitsui Banking Corporation pursuant to an alliance established in July 2009. In June 2012, ORIX purchased all the shares of ORIX Credit (presently DOCOMO Finance), making it a wholly-owned subsidiary of ORIX.

In July 2013, ORIX acquired Robeco Groep N.V. (presently ORIX Corporation Europe N.V. ("OCE")), a holding company of global asset management companies based in the Netherlands, to pursue a new business model by combining finance with related services. In October 2016, ORIX purchased the remaining shares of Robeco, making it a wholly-owned subsidiary of ORIX.

In July 2014, we acquired Hartford Life Insurance K.K. (presently ORIX Life Insurance). In December 2014, we acquired Yayoi Co., Ltd. ("Yayoi"), a software service provider targeting small businesses, which we sold in March 2022.

In December 2015, ORIX and VINCI Airports S.A.S., an airport concession holder and operator based in France, established Kansai Airports to operate and manage Kansai International Airport and Osaka International Airport.

In November 2018, ORIX acquired 30% of the shares of Avolon Holdings Limited ("Avolon"), a leading global aircraft leasing company located in Ireland.

In January 2019, ORIX made DAIKYO INCORPORATED ("DAIKYO") a wholly-owned subsidiary due to the acquisition of common shares of DAIKYO through a tender offer.

In July 2021, ORIX acquired 80% of the shares of Elawan Energy S.L.("Elawan"), a renewable energy company located in Spain. In February 2023, ORIX purchased the remaining shares of Elawan, making it a wholly-owned subsidiary of ORIX.

In March 2024, ORIX sold 66% of the shares of ORIX Credit (presently DOCOMO Finance) to NTT DOCOMO, INC..

In January 2025, ORIX purchased the remaining shares of ORIX Leasing Singapore Limited, making it a wholly-owned subsidiary of ORIX.

STRATEGY

ORIX Group Purpose & Culture

The Company established "ORIX Group Purpose & Culture" in 2023, which is the basis for our medium- to long-term business strategy and targeted management indicators. Our Purpose and Culture is the foundation on which to foster an enhanced sense of unity globally and build our corporate value further into the future. Our Purpose defines why ORIX Group exists in our world and is at the core of everything we do. Our Culture is a set of shared values that ORIX Group employees around the world live and champion to achieve our Purpose.

[Our Purpose]

Finding Paths. Making Impact.

We combine innovative thinking and diverse expertise to find pathways to impact in a world of change.

[Our Culture]

- Find Power in Diversity
- Find Adventure in Challenge
- Find Opportunity in Change

Medium- to Long-term Business Strategy

In pursuit of its Purpose, ORIX has identified three focus areas and is advancing its business strategy, "ORIX Group Growth Strategy 2035," leveraging its two core business models, "Alternative Investment & Operations" and "Business Solutions," to deliver both societal impact and sustainable growth, enhance corporate value and earn the trust of society over the medium- to long-term.

[Focus Areas]

"PATHWAYS": Find new pathways to impact in the future economy.

"GROWTH": Support sustainable growth in a constantly changing world.

"IMPACT": Deliver positive impact today for a planet with limited resources.

By combining the strengths of each segment and further strengthening collaborations in these areas, we intend to achieve business expansion with a sense of scale.

[Business Strategy]

"Alternative Investment & Operations":

This model involves fund-raising from third-party capital to fund assets that ORIX has invested in and managed, while continuing to manage and operate those assets to generate both asset value growth and fee income.

"Business Solutions":

This model creates added value by addressing customer challenges and providing solutions that leverage resources both within and outside ORIX Group, including people, information and technology.

Target Performance Indicators and Major Corporate Agenda

The Company positions ROE in addition to net income growth as its most important management indicators, and strives toward higher total shareholder return (TSR).

For stable shareholder returns, the Company has implemented flexible stock buybacks while placing importance on ROE targets premised on continuing with a dividend distribution of "the higher value of a payout ratio of 39% or the result for the previous fiscal year" while maintaining financial soundness with an A equivalent credit rating.

Our performance indicators for each of the three fiscal years ended March 31, 2024, 2025 and 2026 were as follows.

		As of March 31,		
		2024	2025	2026
Net income attributable to ORIX Corporation Shareholders	(Millions of yen)	¥346,132	¥351,630	¥447,265
ROE*1	(%)	9.2	8.8	10.4

*1 ROE is the ratio of Net income attributable to ORIX Corporation Shareholders for the period to average ORIX Corporation Shareholders' equity based on fiscal year beginning and ending balances.

To achieve Target Performance Indicators, the Group intends to address the following Major Corporate Agenda.

Business Model Transformation: Businesses that generate profits by utilizing their own balance sheet face constraints on asset growth, as funding from financial institutions and capital markets is dependent on the company's equity capital and credit profile. Consequently, profit growth through asset expansion alone is inherently limited. To achieve sustainable profit growth for ORIX Group, it is essential to accelerate the shift toward businesses that can generate earnings efficiently from a limited amount of capital. Accordingly, we intend to promote a transformation toward business models with higher capital profitability.

Portfolio Optimization: Maintaining assets or continuing businesses with relatively low capital efficiency leads to capital being tied up in those assets and businesses, which in turn becomes a constraint on improving group-wide ROE and maximizing corporate value. Therefore, it is important to continuously reassess capital efficiency and growth potential for each existing asset and business, as well as for each new investment opportunity, and to reallocate capital appropriately. Taking into account the impact on the Group's overall funding capabilities, including potential changes in credit ratings, we intend to advance portfolio optimization on a group-wide basis.

Creation of New Businesses: In pursuing profit growth toward our target of JPY 1 trillion in net income attributable to owners of the parent, it is necessary to establish new sources of earnings that are not constrained by existing frameworks, including business domains, earnings structures, or organizational structures. By capturing global trends and creating new value in high potential areas—such as the strategic investment areas defined in the "ORIX Group Growth Strategy 2035"—we intend to promote the diversification of the Group's earnings base and aim to achieve both growth in net income and improvements in capital efficiency.

Operating Environment

When we look at the operating environment surrounding the Company, geopolitical risks remain elevated due to the heightened tensions and conflicts in the Middle East and the prolonged Russia-Ukraine conflict. In addition, the global business environment continues to be unstable, driven by factors such as U.S. tariffs, high energy costs and the economic slowdown in China.

In Japan, a challenging operating environment persists for companies, reflecting a decline in the number of visitors from China due to changes in diplomatic relations between Japan and China, the increasing severity of labor shortages, and rising business costs stemming from higher resource prices and construction costs.

Under these circumstances, we recognize the need to continue to carefully monitor changes in the business conditions of our clients and investments, as well as the impact on each of our businesses, including our Environment and Energy business and our facility operation businesses such as hotels and Japanese inns.

Furthermore, if geopolitical risks become prolonged or intensify further, our operating environment could become even more unstable due to tighter supply and demand for resources and energy, as well as disruptions to global supply chains. Accordingly, we plan to raise the level of monitoring as appropriate and respond in a timely and flexible manner, depending on developments in the external environment.

Sustainability at ORIX and Our Initiatives

ORIX Group operates under its "ORIX Group Purpose & Culture" and its medium- to long-term business strategy, "ORIX Group Growth Strategy 2035". In this context, ORIX positions as an important management theme the creation of new value through its businesses to address social issues and generate appropriate returns, as well as the goal of continuous provision of value that it believes exceeds stakeholder expectations, thereby contributing to the sustainable enhancement of corporate value. At the same time, the business environment surrounding ORIX Group has become increasingly complex, with risks that require consideration, including heightened geopolitical risks, accelerated technological innovation, and instability in energy and resource supply and demand.

Taking into account the "ORIX Group Purpose & Culture," the "ORIX Group Growth Strategy 2035", as well as global developments relating to sustainability and the Group's business environment, we updated its material issues. In conducting this update, we also held multiple roundtable discussions with executives at the business unit head level to discuss expectations from customers and society. In parallel, the Sustainability Department conducted a risk mapping exercise by identifying potential risks and opportunities related to the sustainability of ORIX, taking into consideration their potential financial impact and likelihood of occurrence, and referring to the Sustainability Accounting Standards Board ("SASB") Standards (last updated in December 2023) relevant to industries associated with ORIX Group. The status of these analyses was reported to the Board of Directors in November 2025 and March 2026. Based on these discussions, the Board of Directors resolved to update the material issues at its meeting held in May 2026, subsequent to the end of the fiscal year.

The updated material issues resolved by the Board of Directors consist of six items: "Climate Change", "Circular Economy", "Empowering Communities", "Business Ecosystem", "Human Capital Management", and "Governance". Please refer to the table below for the respective subtitles and the rationale for their designation as material issues. Among these, "Human Capital Management" and "Governance" are positioned as fundamental management bases supporting the Group's growth strategy. Of the 14 previously identified material issues established in November 2021, the priority of four items has declined as they have already entered the phase of execution and implementation of policies and targets, while the remaining 10 items, for which the underlying issues continue to be recognized, have been incorporated into the updated material issues.

In preparation for the application of the Sustainability Disclosure Standards from the fiscal year ending March 31, 2027 onward, we will proceed with updating the risks and opportunities, strategies, metrics and targets corresponding to each material issue. The material issues established in November 2021 and updated in May 2026 were each determined based on the medium- to long-term management policies and the business environment as of the time of the respective resolution, and will be reviewed periodically in the future in response to significant changes in the Group's management policies or external environment.

Note: The Sustainability Disclosure Standards developed by the Sustainability Standards Board of Japan ("SSBJ"), which are designed to be consistent with the IFRS Sustainability Disclosure Standards developed by the International Sustainability Standards Board (ISSB).

Material issues and Subtitles	Reasons for Selection of Material Issues
Climate Change Capture opportunities arising from the energy transition and use them to evolve our business. Business	The ORIX Group has been engaged in renewable energy businesses in Japan and overseas since the 2000s and has expanded its operations to include areas such as energy storage and solar power plant management services. Addressing decarbonization represents a medium- to long-term business opportunity and its positioned as one of the strategic investment areas under "ORIX Group Growth Strategy 2035", where the ORIX Group can leverage its long-standing expertise and investment track record in renewable energy. By further evolving its investment experience and operational expertise across developed and emerging markets, the Group believes it can capture new business opportunities over the medium to long term.
Circular Economy Leverage our expertise in asset selection and management to maintain, enhance and recycle asset value. Business	The ORIX Group considers its "Alternative Investment & Operations" model as one of its core strengths, whereby it involves fund-raising from third-party capital to fund assets in which the ORIX Group has invested in and managed, while continuing to manage and operate those assets to generate both asset value growth and fee income. Efficient use of finite resources is a significant social issue and is positioned as one of the strategic investment areas under "ORIX Group Growth Strategy 2035". By leveraging its asset selection and operational capabilities developed through leasing and asset management businesses, the ORIX Group believes that it can capture business opportunities over the medium to long term.
Empowering Communities Revitalize communities and economic activity by maximizing local assets and human capital. Business	The ORIX Group considers its "Business Solutions" model as one of its core strengths, whereby it creates added value by addressing customer challenges and providing solutions that leverage resources both within and outside ORIX Group including its business platforms and human resources. For the ORIX Group, which serves a broad customer base of small- and medium-sized enterprises, the sustainable development of local communities and society, including the resilience of such communities, is essential to sustaining this value creation. By contributing to the vitality of its customers, primarily small- and medium-sized enterprises, as well as their management and employees, and the communities in

Material issues and Subtitles	Reasons for Selection of Material Issues
	which they operate, the ORIX Group believes it can enhance its own sustainability over the medium to long term.
Business Ecosystem Create new value through strategic collaboration with a diverse range of business partners. Business	The ORIX Group provides value to its customers through collaboration with a wide range of stakeholders, including suppliers that provide products and services. It is difficult to sustain value creation that earns strong support from customers without such collaboration, and working together with these stakeholders on issues such as environmental impact reduction and respect for human rights is essential for business sustainability and the stable access to key management resources. Through such collaborative efforts, the ORIX Group believes it can both enhance the sustainability of its business foundation and create new value and solutions over the medium to long term.
Human Capital Management Strengthen innovation and competitiveness by fostering an environment where diverse talent can thrive. Management	ORIX Group's approach to human capital management has three components: instilling our unique core values that underlie our actions; enhancing our core capabilities, which serve as our capacity for organizational innovation; and providing a workplace in which diverse human resources can play an active role. The objective of our approach is to create new businesses and increase the value of existing operations to generate sustainable business growth. The ORIX Group believes that such an approach to human capital management contributes to its sustainable growth.
Governance Enhance our Board of Directors' oversight capabilities and reinforce systems for managing compliance and information security risks. Management	The ORIX Group considers the strengthening of its corporate governance framework to be one of its key management priorities in order to ensure the proper execution of business activities in line with its fundamental management policies and to maintain management fairness, and it continuously works to enhance the effectiveness of its Board of Directors and to establish a sound and transparent corporate governance structure. Under a management structure without a parent company or controlling shareholder, the ORIX Group believes that gaining the trust of a wide range of stakeholders enhances its management independence and flexibility and contributes to the enhancement of corporate value. In addition, the ORIX Group believes that risks related to compliance and information security could have a significant impact on its business continuity and corporate value, and therefore considers it necessary to strengthen its management systems for such risks.

As described above, the material issues were updated at the meeting of the Board of Directors held in May 2026, subsequent to the end of the fiscal year. The matters described below relate to initiatives implemented during the fiscal year and are, based on the material issues and key targets (both established in November 2021) that were effective during that fiscal year.

Note on disclosure frameworks

Certain sustainability-related disclosures included in ORIX's statutory filings and other public disclosures in Japan are prepared under Japanese laws, regulations and stock exchange rules and may differ in scope, format and level of detail from the disclosures included in this annual report, which is prepared in accordance with U.S. securities laws and reporting requirements of the Securities and Exchange Commission. Such differences are intended to reflect the respective disclosure frameworks and do not, by themselves, indicate a difference in the ORIX Group's underlying governance, policies or practices.

Overview

1. Governance

The Board of Directors is responsible for overseeing sustainability-related risks and opportunities across the ORIX Group. The Board receives regular reports from the Sustainability Committee and other relevant bodies, approves sustainability-related policies and overseas progress toward material issues and key targets, providing guidance as necessary.

The Board includes directors with extensive experience in ESG matters and provides appropriate oversight.

In addition, the Audit Committee receives regular reports from the responsible departments and the internal audit function regarding progress on sustainability-related initiatives and responses to disclosure regulations, and reviews the status of such matters.

At the execution level, the Sustainability Committee deliberates important matters related to sustainability across the Group. Additionally, depending on the nature of the issue, specialized bodies established for specific areas may work in coordination with the Sustainability Committee to examine and advance initiatives from a more specialized perspective.

The Sustainability Committee discusses, among other matters, group-wide sustainability policies, the identification and review of material issues and key targets; and strategies, KPIs, operational procedures and promotion frameworks related to those targets. The Committee reports the substance of its deliberations to the Board of Directors.

During the fiscal year, the Sustainability Committee met four times. In addition to reviewing the prior year's activities and the policy for the current fiscal year, the Committee deliberated matters including the formulation of supplier codes of conduct at ORIX Auto Corporation and within Real Estate segment, as well as progress on the update of the ORIX Group's material issues.

Date	Key Matters Discussed
April 18, 2025	(i) Formulation of the "ORIX Auto Corporation Supplier Code of Conduct" (ii) Formulation of the "ORIX Group Real Estate segment Supplier Code of Conduct"
May 19, 2025	Report on sustainability initiatives for the fiscal year ended March 2025 and approval of policies for the fiscal year ending March 2026
October 23, 2025	Direction of the update of material issues
March 24, 2026	Progress of the update of material issues

In our current Compensation Policy for Executive Officers (applicable also to those who concurrently serve as directors), the status of ESG initiatives has been added to the qualitative evaluation items for determining annual bonuses from the fiscal year ended March 31, 2022. In addition, progress of the key ESG-related goals for the ORIX Group has been added as a quantitative evaluation item for Executive Officers at the Managing Executive Officer level and above beginning in the fiscal year ended March 31, 2024. The objective is to have directors and officers set an example by considering the impact of the efforts of each division on the environment, economy, and society in conducting corporate initiatives from a mid- to long-term perspective.

The ORIX Group has established the ORIX Sustainable Investing and Lending Policy to promote sustainable investing and lending. The Group also prohibits transactions with companies where human rights concerns are identified, as well as transactions related to certain sectors and business activities. For individual investment and lending transactions, the Investment and Credit Committee ("ICC") deliberates submitted proposals. Transactions submitted to the ICC are evaluated by the relevant business divisions and the Sustainability Department, using the ORIX Group's proprietary checklist as well as information from external vendors. Where concerns are identified from environmental or social perspectives, such matters are reported to the ICC together with other relevant information regarding the transaction.

2. Strategy

In order to realize a sustainable society and achieve sustainable growth for ORIX, in November 2021 we set forth issues that we perceive as material in the fields of environment, society and governance. As described above, the Board of Directors resolved to update these material issues at its meeting held in May 2026, subsequent to the end of the fiscal year; however, this section describes the material issues established in November 2021 and the initiatives undertaken in relation thereto.

(a) Material issues and focus areas to reduce climate-change related risks.

i. Set GHG emissions reduction goals.

ii. Continue to contribute to the development of renewable energy investment and production.

iii. Quantify and reduce our climate change-related risks and continue to implement TCFD recommendations.

iv. Continue to promote a circular economy and reduce and appropriately manage waste.

v. Formulate an exit strategy for existing exposure to high environmental risk business areas and create bright-line exclusion criteria in any new investing or lending.

vi. Work with our stakeholders to promote a healthier environment through goods and services that help mitigate adverse environmental impacts.

(b) Material issues and focus areas to reduce social risks, including human rights risk.

i. Continue to strengthen our Sustainable Investing and Lending Policy, Code of Conduct, and risk management system to adequately cover new and emerging social risk areas.

ii. Share a common and agreed respect for fundamental human rights with all of our stakeholders such as support for the UN Universal Declaration of Human Rights, worker health and safety, diversity, equity and inclusion and non-discrimination.

iii. Continue to improve employee satisfaction by respecting the diversity of our employees and creating an inclusive working environment that promotes flexible working styles and provides career development support, fair performance review and compensation schemes, and employee health support systems.

(c) Material issues and focus areas to strengthen governance based on transparency, compliance, and integrity.

i. Continue to strengthen the independence of the Board of Directors so that the Board may provide appropriate and effective oversight over the management's business execution from an independent and objective perspective.

ii. The Group CEO will be responsible for all execution matters including responding to these material issues under the oversight of the Board of Directors.

iii. Emphasis on client satisfaction and developing and offering sustainable products and services.

iv. Endeavour to gain and keep the trust of our clients in all of our business areas.

v. Promote a strong culture of compliance with all applicable laws and regulations, including paying our fair share of taxes.

The principal initiatives undertaken during the fiscal year are as follows.

With respect to (a) mitigation of climate change risks, the Group continuously examined measures to reduce greenhouse gas (GHG) emissions, including reductions achieved through facility modifications at coal and biomass co-firing power plants, which account for the majority of Scope 1 emissions. For Scope 2 emissions, the Group has formulated plans for major emission sites and is promoting step-by-step reductions.

In addition, with respect to (b) mitigation of social risks, including human rights issues, the Group continued to advance its human capital management initiatives. Specifically, it promoted three pillars, "instilling core values," "enhancing core capabilities," and "providing a workplace in which diverse human resources can play active roles", and monitored progress accordingly. Furthermore, to enhance understanding and awareness of its Human Rights Policy, the Group developed training tools and implemented human rights-related training as part of compliance training and level-based training programs.

With respect to (c) strengthening governance based on transparency, compliance, and integrity, corporate governance initiatives were advanced through the Board of Directors and the three internal committees (Nomination, Audit, and Compensation). During the fiscal year, the Nomination Committee deliberated matters including the selection of business unit COOs and the Group CFO, as well as the consideration of candidates for outside directors. The Audit Committee, in addition to handling matters for resolution and reporting, regularly reviewed audit plans and discussed the results and future direction of audit activities. The Compensation Committee examined executive compensation linked to performance indicators such as consolidated ROE. In addition, the Group revised its "Code of Conduct" applicable to all officers and employees in April 2025 and established four Compliance Values.

Further details are described below. "Addressing Climate Change", "Addressing Human Capital", and Item 6. Directors, Senior Management and Employees, Corporate Governance System.

3. Risk Management

The ORIX Group has established an enterprise-wide risk management framework to identify, assess and manage various risks arising from its business activities.

Sustainability-related risks and opportunities are continuously identified through changes in the business environment, regulatory developments and engagement with stakeholders, including shareholders and investors, local communities, customers, employees, suppliers, and business partners. The Sustainability Committee monitors and evaluates progress toward key targets. In addition, depending on the nature of the issue, specialized bodies established for specific areas work in coordination with the Sustainability Committee to conduct more detailed examinations from a specialized perspective. Matters discussed by the Sustainability Committee and such other bodies are reported to the Board of Directors on a regular basis and are subject to its approval.

Within each business division, information relevant to the characteristics of each business is collected, and sustainability-related risks and opportunities are continuously analyzed.

The ORIX Group has established a Sustainable Investing and Lending Policy to promote sustainable investing and lending. The Policy prohibits transactions with companies where human rights concerns are identified, as well as transactions related to certain sectors and business activities. For individual investment and lending transactions, the Investment and Credit Committee deliberates submitted proposals. Transactions submitted to the Committee are evaluated by the relevant business divisions and the Sustainability Department using the ORIX Group's proprietary checklist as well as information from external vendors. Where concerns are identified from environmental or social perspectives, such matters are reported to the Committee together with other relevant information regarding the transaction.

We have also established a human rights policy as a guideline for promoting efforts to respect human rights. We expanded the scope of human rights from "its own employees and business partners" to include "suppliers and local communities," and clarifying its policies on education and training, relief measures, disclosure, and other areas.

In addition, as disclosed in our UK Modern Slavery Act Statement, we review the risk profile of the different sectors and geographies in which we operate, maintain reporting mechanisms to encourage reporting of misconduct, and train our employees.

Regarding supply chain management, to build a sustainable supply chain, ORIX works with its suppliers to establish firm and consistent compliance with laws and regulations related to occupational health and safety and environmental protection. In fiscal 2026, ORIX Auto Corporation and within Real Estate segment worked on efforts such as organizing suppliers, risk analysis and evaluation, and establishing supplier action guidelines.

Regarding environmental issues, we have established an environmental policy and promote solutions to environmental and energy problems, compliance with laws and regulations, and information disclosure.

Regarding compliance and information security, we have established systems and internal regulations that cover the entire company, and we also conduct regular training for employees.

4. Metrics and Goals

In November 2021, ORIX established certain key sustainability goals and reviews progress in relation to those goals through its governance processes.

Key sustainability goals include, among others, (i) the ratio of outside directors, (ii) the ratio of female directors, (iii) the ratio of female management positions, (iv) reduction of GHG (CO2) emissions (Scope 1 and Scope 2), and (v) reduction of the balance of financing and investments in certain high GHG (CO2) emitting industries. *

During the fiscal year, the Group continued its efforts to reduce Scope 1 and Scope 2 emissions. In addition, the ratio of female managers increased compared with the previous year both at ORIX Corporation on a stand-alone basis and across eight major domestic Group companies, and the ratio of female directors exceeded 30% for the first time.

In preparation for the application of the Sustainability Disclosure Standards from the fiscal year ending March 31, 2027 onward, the ORIX Group will also examine metrics and targets corresponding to the material issues updated in May 2026. As a result, these targets may be subject to change.

All key sustainability goals are subject to compliance with applicable local laws and regulations. In jurisdictions where application of certain targets is not feasible under applicable laws or regulations, such targets may not apply.

* Refers to fossil fuel mining, palm oil plantations and forestry financed by ORIX Group overseas subsidiaries.

Addressing Climate Change

Climate change-related matters are addressed in accordance with the ORIX Group's sustainability governance and enterprise-wide risk management framework as described in "Overview", and are managed at both the corporate level (group-wide themes) and the business segment level.

1. Governance

At the corporate level (group-wide themes), climate change-related matters are addressed by the Sustainability Committee. The Committee discusses matters including the results of scenario analyses based on the TCFD recommendations, progress on initiatives to reduce GHG emissions, global developments and expected trends in regulatory developments, as well as requests and expectations from business partners. The Committee reports the substance of its deliberations to the Board of Directors and receives guidance as appropriate.

At the business segment level, each business division addresses climate-related risks under the responsibility of the head of the division. Specifically, for businesses with GHG emissions above a certain threshold, reduction measures are planned and implemented. In addition, where scenario analyses indicate that climate-related risks could have a material financial impact on the Group, appropriate response measures are examined. In addressing these risks, the Group considers various approaches tailored to the characteristics of each business, including not only initiatives through its own operations, but also engagement with investees, business partners, and the supply chain. Initiatives by each business division are determined following discussions at business strategy meetings involving top management, including internal directors, and are reported to the Sustainability Committee and the Board of Directors.

2. Strategy

For business segments with a high relevance to climate change, scenario analyses are conducted based on the TCFD recommendations. Based on these scenario analyses, the principal risks and opportunities common across multiple segments, as well as their potential impacts, are as follows.

(a) Transition Risks

Transition risks may arise from regulatory changes, technological innovation and changes in business models associated with the transition to a decarbonized society. Such developments may adversely affect customers' business performance and could result in increased credit-related expenses.

(b) Physical Risks

Physical risks may arise from extreme weather events and natural disasters, including temporary suspension of operations, increased operating costs or difficulty in continuing business operations. In addition, abnormal weather events such as storms and natural disasters may impair investment and asset values.

(c) Climate-Related Opportunities

Climate-related opportunities include the expansion of business opportunities associated with increased demand for renewable energy.

The ORIX Group recognizes that, while these climate-related risks and opportunities are relatively unlikely to result in significant one-off financial impacts in the short term (within one year), their impacts may become apparent over the medium to long term (beyond one year) as multiple factors accumulate. The Group also considers that the principal actions to address these risks and opportunities are as follows.

With respect to initiatives to reduce GHG emissions, the ORIX Group is considering emissions reduction measures, including potential facility modifications such as conversion to biomass-only fuel use, at two coal-biomass co-firing power plants that account for slightly less than 80% of the Group's total GHG (CO2) emissions (Scope 1 and Scope 2). At other major emission sites, the Group has formulated plans to reduce Scope 2 emissions, including at investees of its investment business segments, and is implementing such plans in phases.

In addition, the ORIX Group conducts renewable energy power generation businesses in various countries. To further promote the widespread adoption of renewable energy, the Group is advancing initiatives such as power plant operation, management and maintenance services, as well as battery storage businesses.

3. Risk Management

Climate change-related risks are managed in accordance with the ORIX Group's enterprise-wide risk management framework described in the sustainability disclosure above. Such climate-related risks are positioned within the Sustainability Committee's group-wide risk assessment process and are managed together with other significant sustainability risks.

4 Metrics and Goals

ORIX Group has identified GHG (CO_2) emissions as a principal metric for evaluating and managing climate change-related risks. The Group has established medium- and long-term internal targets for GHG emissions as part of its climate-related management framework.

Actual GHG (CO_2) emissions (Scope 1 and Scope 2) are measured and monitored on a consolidated basis. For the fiscal year ended March 31, 2026, total GHG (CO_2) emissions (Scope 1 and Scope 2) of the ORIX Group amounted to 1,005 thousand metric tons, representing a decrease of 261 thousand metric tons (approximately 20.6%) compared to the fiscal year ended March 31, 2020.

Of this total, emissions from two coal-biomass co-firing power plants amounted to 789 thousand metric tons, representing approximately 78.5% of total emissions. Emission levels may fluctuate depending on changes in the Group's business portfolio and external conditions.

In addition, the ORIX Group monitors the balance of financing and investments in certain high GHG (CO_2) emitting industries as part of its climate-related risk management.

Addressing Human Capital

1. Governance

Decisions on important basic policies related to human capital management and major personnel systems are deliberated by the Executive Committee and determined as management decisions. In addition, the Human Capital Council is convened on a regular basis, with the officer overseeing the Responsible for HR and Administration Unit serving as the secretariat and with participation from the Group CEO, the Business Unit

COOs, the Group CFO and other relevant executives. Through this council, the status of initiatives to strengthen human capital across the ORIX Group is shared and reviewed, and various measures based on policies decided by the Executive Committee are discussed. Furthermore, matters of significance in human resources strategy are reported by the officer overseeing the Responsible for HR and Administration Unit to the Board of Directors, and a framework is in place under which the Board of Directors exercises appropriate oversight.

At each ORIX Group company, personnel-related regulations, human resources measures and related initiatives are examined under the supervision of the officer responsible for human resources at each company. In principle, significant human resources measures and initiatives at ORIX Group companies are subject to prior consultation with or reporting to the Company's Human Resources Department, thereby ensuring alignment with group-wide policies before implementation.

2. Strategy

(a) ORIX Group's Human Capital Management

ORIX Group has expanded outward from its core financial businesses into neighboring fields and has grown into a unique corporate group with a diversified business portfolio. We want to continue generating sustainable growth in an array of businesses, so we need to bring together diverse people with their own experience and skills and accelerate the fusion of knowledge that drives innovation. ORIX Group's approach to human capital management has three components: instilling our unique core values that underlie our actions; enhancing our core capabilities, which serve as our capacity for organizational innovation; and providing a workplace in which diverse human resources can play an active role. The objective of our approach is to create new businesses and increase the value of existing operations to generate sustainable business growth.

i. Instill core values

We define the core values of human capital management as realizing sustainable business growth that befits ORIX with behaviors that are aligned with the three values defined in the ORIX Group Purpose & Culture.

To assess how well these values are being practiced, we have adopted the "ORIX Value Score (OVS)" as a key indicator.

Human Capital Management Goals for Behaviors Arising from The Three Values

Three Values	Behaviors
Find Power in Diversity	Share ideas and collaborate, explore different perspectives and transcend boundaries.
Find Adventure in Challenge	Strive for originality and identify opportunities and risks while seeking adventure in new challenges.
Find Opportunity in Change	Recognize trends from a big-picture perspective, act promptly on signs of change, and find opportunities to evolve.

ii. Enhance core capabilities

ORIX Group's core capabilities are the unique organizational transformation capabilities that come from the expertise gained in growing a diverse business portfolio. We define "Multi-capability" as the power to drive entire businesses from a management perspective, which emerges from the combination of the three core capabilities.

To identify and systematically develop individuals who possess multi-capability and can lead business growth with a management-level perspective, we are working to enhance the effectiveness of our succession management framework. As a key performance indicator to track progress, we monitor the "Succession Readiness Ratio" for key positions.

Our Core Capabilities

Business Design The ability to create new businesses and services	Generating new business opportunities by anticipating emerging market and customer demands helps ORIX Group grow.
Value Enhancement The ability to increase the value of businesses	Enhancing the quality of services and operations helps ORIX Group increase the value and profitability of existing businesses.
Risk Management The ability to identify and assess business risks	Accurately assessing business risks and returns helps ORIX Group make appropriate decisions for business growth.

iii. Provide a workplace in which diverse human resources can play an active role

ORIX Group has created a series of valuable new businesses by bringing together diverse talent and engaging in ongoing discussions across organizational boundaries. Sustainable business growth requires a workplace in which diverse human resources can play an active role as the basis for instilling core values and enhancing core capabilities. We therefore accept people with diverse backgrounds and values, regardless of gender, nationality, or age, and are committed to maintaining a workplace in which employees can work in their own way with peace of mind. To quantitatively assess the quality of the workplace environment, we monitor the "Engagement Score": a comprehensive indicator that measures both employee motivation and ease of working.

(b) Specific Initiatives and Achievements

i. Promoting Diversity, Equity & Inclusion

We promote various initiatives to support flexible working styles and ensure that employees feel motivated to work, fostering an inclusive and respectful environment for our diverse workforce. ORIX also focuses on recruiting mid-career employees and conducting overseas hiring for new graduates outside of Japan.

Creating a work environment where employees can work healthily and with peace of mind

In line with a policy of developing a wide range of options so that each employee can combine and utilize personnel systems according to their situation, we are promoting flexible working styles by establishing telecommuting systems, a super flextime system (flextime system without core working hours), an hourly paid leave system, introducing flexible seating arrangements, satellite offices and well-equipped mobile work environments.

Women's success in the workplace and creating an environment that supports work-life balance and shared parenting

Taking the lead in women's active participation in the workplace from a very early stage, ORIX began recruiting female university graduates for comprehensive work positions in 1982 before the enforcement of Japan's Equal Employment Opportunity Law in 1986. To enable individuals to build their careers regardless of gender and participate in decision-making processes, we create a pipeline for future female leaders. We offer mentoring programs with department heads at the managerial level and facilitate external exchanges through cross-industry study groups. Additionally, in our selective training programs, we ensure equal opportunities by striving to align the gender ratio of participants with that of our workforce. We visualize the pipeline in collaboration with officers responsible for each division and the HR department, promoting the appointment of qualified individuals to management roles and providing appropriate job assignments based on their motivation and abilities to support their career development.

In addition, as part of our efforts to support women's success in the workplace, we offer work-life balance seminars in which couples can participate and promote childcare leave for men. We are also committed to

creating an environment that supports dual-income and shared parenting. Furthermore, we are actively working to raise awareness among all employees about the importance of creating a workplace where diverse talent, including women, can thrive.

We pursue initiatives to increase the ratio of female managers, which is one of our key goals of promoting active participation by employees. It is also an important benchmark for degree of participation in decision making and equal leadership opportunities of employees from diverse backgrounds.

For information on diversity-related metrics, see "Item 6. Directors, Senior Management and Employees—Employees—2.Employees—Indicators related to diversity."

ii. Human resource development and autonomous career development support

ORIX places great importance on knowledge and growth gained through business activities, considering them to be pillars of development. As a foundation to support these efforts, in addition to various training systems and self-development support systems, we have established a fair performance review and compensation scheme to increase employee motivation. By working to develop employee growth with responsibility and enhancing communication with employees, we invest in the future of our employees.

At the same time, ORIX supports the growth of employees by providing them with opportunities and an environment that enables them to make their own career choices by supplying practical information to help chart their mid- to long-term careers as well as opportunities to acquire skills in new fields. Specifically, through systems such as the internal intern program—where employees can work in a department of their choice for a designated period—and the career challenge program, which allows employees to directly appeal to a department to which they wish to transfer, ORIX allows employees to encounter and experience various work environments and jobs while remaining within the company. In addition to these, ORIX has established a career consultation service where employees can seek advice from qualified professionals both within and outside the company. These foster increased employee motivation, encourage active challenges, and support autonomous career development. Furthermore, the "Self-application system," which allows employees to directly state to the human resources department where they wish to transfer, is available for all employees once a year, and is used by employees as a great opportunity to think about their own careers.

3. Risk Management

The ORIX Group has achieved sustainable business growth by bringing together a diverse workforce and creating new business value through ongoing dialogue across organizational boundaries. We believe that fostering a workplace in which employees with diverse backgrounds can fully demonstrate their abilities, while enhancing employee motivation and ease of working, is essential to attracting, developing, and retaining talented human resources.

To identify risks related to human capital, employee perceptions and issues concerning the workplace environment, the ORIX Group conducts the ORIX Group Employee Engagement Survey on a regular basis. The survey results are analyzed by department and by theme, and are reported to management.

In addition, the status of succession readiness levels and potential successor candidates in each division is regularly shared among senior management. Through these discussions, we identify human capital-related issues necessary for the execution of management strategies and promote talent management from a medium- to long-term perspective.

4 Metrics and Goals

To realize the ORIX Group Purpose & Culture and enhance corporate value by maximizing the value of its human capital, ORIX has established key indicators for each of the three pillars of human capital as described in "2. Strategy (a) ORIX Group's Human Capital Management," and continuously monitors its progress.

ORIX Value Score(OVS)*1

Degree of implementation of behaviors based on the ORIX Group Purpose & Culture

	Results		
	Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2026
ORIX Group	57%	60%	64%
ORIX Corporation	60%	63%	67%
Group companies worldwide	57%	59%	64%

*1 The percentage of employees who answered affirmatively (highest two points on a five-point scale) to the statement, "The ORIX Group Purpose & Culture is in practice in my workplace" in the annual company engagement survey.

Succession Readiness Ratio

Average number of employees who could serve as successor candidates per key business leadership role

Results	
As of October 31, 2024	As of June 30, 2025
2.3 people	2.5 people

Engagement Score*2

Comprehensively measures employee motivation and work environment

	Results		
	Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2026
ORIX Group	62%	65%	67%
ORIX Corporation	73%	76%	78%
Group companies worldwide	61%	64%	66%

*2 The percentage of employees who answered affirmatively (highest two points on a five-point scale) to the question in the Group's annual engagement survey, "Overall, how satisfied are you with your company at present?"

PROFILE OF BUSINESS BY SEGMENT

For a discussion of the basis for the breakdown of segments, see Note 32 of "Item 18. Financial Statements." The following table shows a breakdown of profits by segment for fiscal 2024, 2025 and 2026.

Since April 1, 2024, the interest expense allocation method for each segment was changed to include a part of interest expenses in corporate profits (losses) in the reconciliation of segment profits to the condensed consolidated financial statement amounts. As a result, segment data for fiscal 2024 has been retrospectively reclassified.

	Years ended March 31,		
	2024	2025	2026
	(Millions of yen)		
Corporate Financial Services and Maintenance Leasing	¥ 83,244	¥ 90,329	¥100,740
Real Estate	67,055	70,541	78,509
PE Investment and Concession	43,967	98,872	125,611
Environment and Energy	38,072	(4,923)	115,772
Insurance	70,826	74,399	102,891
Banking and Credit	97,353	29,291	27,212
Aircraft and Ships	44,366	67,420	66,608
ORIX USA	27,931	39,915	954
ORIX Europe	41,638	44,373	63,051
Asia and Australia	47,069	34,451	51,249
Total segment profits	561,521	544,668	732,597
Difference between segment total and consolidated amounts	(91,546)	(64,205)	(41,166)
Total Consolidated Amounts	¥469,975	¥480,463	¥691,431

Each of our segments is briefly described below.

BUSINESS SEGMENTS

ORIX Group organizes its businesses into ten segments to facilitate strategy formulation, resource allocation and portfolio balancing at the segment level. These ten business segments are: Corporate Financial Services and Maintenance Leasing, Real Estate, PE Investment and Concession, Environment and Energy, Insurance, Banking and Credit, Aircraft and Ships, ORIX USA, ORIX Europe, and Asia and Australia. Management believes that organizing our business into large, strategic units allows us to maximize our corporate value by identifying and cultivating strategic advantages vis-à-vis anticipated competitors in each area and by helping ORIX Group achieve competitive advantage overall.

An overview of operations, operating environment and operating strategy for each of the ten segments follows. However, the operating strategy of each business may change in the future due to macroeconomic and other developments, for example those relating to the heightened tensions and conflicts in the Middle East, the Russia-Ukraine conflict, supply chain issues and inflation, and the impact of market volatility and potential economic or geopolitical instability around the world.

Corporate Financial Services and Maintenance Leasing

This segment consists of finance and fee business; leasing and rental of automobiles, electronic measuring instruments, and ICT-related equipment.

In corporate financial services, we are engaged in financial businesses with a focus on profitability, and fee businesses by providing life insurance and real estate brokerage products and services to domestic small and medium-sized enterprise customers, as well as business succession support and M&A broking. In the automobile-related businesses, we possess an industry-leading number of fleets and provide one-stop access to a full range of automobile services. In the rental business operated by ORIX Rentec Corporation, we are not only providing electronic measuring instruments, ICT-related equipment and power transformers lending, but we are also developing new services relating to robots, 3D printing, etc.

Real Estate

This segment consists of real estate development, rental and management, facility operation, and real estate asset management.

We are promoting portfolio rebalancing by taking advantage of favorable market conditions, while also making carefully selected investments in real estate projects based on thorough assessments of profitability and risk, in light of rising construction costs and other external factors. To stabilize our earnings base, we are developing businesses that are less susceptible to real estate market fluctuations, such as asset management, housing-related businesses focused on residential condominium development, and the operation of hotels and Japanese inns. From an operational perspective, we are working to strengthen the entire value chain by improving efficiency and service quality, including the use of digital transformation.

PE Investment and Concession

This segment consists of private equity investment and concession.

In the private equity business, we aim to enhance the corporate value of investees and to earn sustainable gains on sales through rebalancing our portfolio. We are expanding investments in our focus industries and, in addition to rollups starting from existing investees, we seek to capture investment opportunities arising from business succession needs due to the absence of a successor, as well as carve-outs and take-private transactions as part of corporate restructurings. We also seek diversified investment methods. In the concession business, we aim to strengthen our operations in the three airports in Kansai (Kansai International Airport, Osaka International Airport and Kobe Airport), and proactively engage in the operation of public infrastructures other than airports.

Environment and Energy

This segment consists of domestic and overseas renewable energy, electric power retailing, ESCO services, sales of solar panels, and recycling and waste management.

We aim to increase services revenue as a comprehensive energy service provider by promoting our renewable energy business and electric power retailing business. In our solar power generation business, we have owned and operated one of the largest solar power capacities in total in Japan. We intend to accelerate our renewable energy business overseas by utilizing the expertise we have gained in the domestic market. In the recycling and waste management business, we are making new investments in facilities with the aim of further expansion of business.

Insurance

This segment consists of life insurance.

In the life insurance business, we sell life insurance through agents, banks and other financial institutions, face-to-face sales through our own consulting services, and online sales. With a core policy in product development to promptly provide products that meet the diverse and evolving needs of our customers, we have constantly expanded the product lineup and aim to increase corporate value. In addition, we are aiming to improve investment returns by expanding investments in high-yield assets, including alternative assets, and by flexibly reallocating our investment portfolio.

Banking and Credit

This segment consists of banking and consumer finance.

In the banking business, we aim to improve profitability by expanding the scope of our merchant banking operations in addition to the origination of real estate investment loans, which remains the core of our banking business. In the consumer finance business, we aim to enhance our personal financial services by forming joint ventures with companies that have a strong customer and business base.

Aircraft and Ships

This segment consists of aircraft investment and management, and ship-related finance and investment, maritime asset management and ship brokerage.

In the aircraft-related business, we are focusing on a wide range of profit opportunities, including operating leases of owned aircraft, sale of aircraft to investors, and asset management services for aircraft owned by domestic and overseas investors. We aim for medium- and long-term growth by further enhancing our presence in the global aircraft-leasing market through various initiatives, including mutually complementary relationships with Avolon. In the ship-related business, we are promoting asset replacement based on market conditions, while expanding fee income through investment arrangements for domestic corporate investors, ship asset management, and ship brokerage, as well as expanding our business scope by leveraging capital and business alliances.

ORIX USA

This segment consists of finance, investment, asset management, and advisory services.

ORIX Corporation USA has been strategically expanding its business domains and developing a diverse range of businesses, including corporate finance, bond investment, real estate finance, and private equity investment. In addition, by managing third-party off-balance sheet assets, we are working to appropriately control asset size and secure stable fee income, while aiming to improve capital efficiency and achieve sustainable profit growth.

ORIX Europe

This segment consists of asset management of global equity and fixed income.

In this segment we are engaged in the asset management business through investments in stocks, bonds, etc. In addition to the focus on expanding the existing businesses by leveraging our expertise as a pioneer in sustainable investment, we are working to increase assets under management and enhance profitability through initiatives such as broadening our lineup of active ETFs and offering white-label products. We are also engaged in capturing a wide range of business opportunities including M&A as the strategic business location of ORIX Group in Europe.

Asia and Australia

This segment consists of finance and investment businesses in Asia and Australia.

Our overseas subsidiaries are primarily engaged in financial services such as leasing and lending across Asian countries and Australia and also invest in private equity in Asian countries, particularly in China. We will further enhance the functions of our overseas subsidiaries and invest in targeted markets in order to expand our business with an emphasis on profitability.

DIVISIONS, MAJOR SUBSIDIARIES AND AFFILIATES

A list of major subsidiaries and affiliates can be found in Exhibit 8.1.

CAPITAL PRINCIPAL EXPENDITURES AND DIVESTITURES

We are a financial services company with significant leasing, lending, real estate development and other operations based on investment in tangible assets. As such, we are continually acquiring and developing such assets as part of our business. A detailed discussion of these activities is presented elsewhere in this annual report, including in other parts of "Item 4. Information on the Company" and in "Item 5. Operating and Financial Review and Prospects."

In general, we seek to expand and deepen our product and service offerings and enhance our financial performance through acquisitions of businesses or assets. We continually review acquisition opportunities, and selectively pursue such opportunities. We have in the past deployed a significant amount of capital for acquisition activities and expect to continue to make investments, on a selective basis. For a discussion of certain of our past acquisitions, see "Item 4. Information on the Company—Corporate History."

PROPERTY, PLANT AND EQUIPMENT

As our primary business is to provide various financial services to our clients, we do not own any material factories or facilities that manufacture products. We have no plans to build any factories that manufacture products.

The following table shows the book values of the primary facilities we own, which include three office buildings and a hotel.

	As of March 31, 2026	
	Book Value*1	Land Space*2
	(Millions of yen)	(Thousands of m²)
Office building (Tachikawa, Tokyo)	¥ 8,057	2
Office building (Shiba, Minato-ku, Tokyo)	30,734	2
Office building (Osaka, Osaka)	8,668	2
Hotel (Beppu, Oita)*3	50,135	166

*1 Right-of-use assets (hereinafter, "ROU assets") are included in the book value.

*2 Land space is provided only for those facilities where we own the land.

*3 Book value of hotel (Beppu, Oita) includes advances for property under facility operations of ¥21 million.

Our operations are generally conducted in leased office space in cities throughout Japan and in other countries in which we operate. We believe our leased office space is suitable and adequate for our needs. We utilize, or expect to utilize in the near future, substantially all of our leased office space.

We own office buildings, apartment buildings and recreational facilities for our employees and others with an aggregate book value of ¥203,169 million as of March 31, 2026.

As of March 31, 2026, the acquisition cost of equipment we held for operating leases amounted to ¥3,074,066 million, consisting of ¥1,987,797 million of transportation equipment, ¥523,388 million of measuring and information-related equipment, ¥461,203 million of real estate and ¥101,678 million of others, before accumulated depreciation. Accumulated depreciation on equipment held for operating leases was

¥1,033,293 million. We also recognized ¥69,030 million of ROU assets of operating leases, ¥44,415 million of accrued rental receivables and ¥(1,398) million of allowance for doubtful receivables on operating leases as of the same date.

As of March 31, 2026, we have no plans for construction of significant new office facilities, property under facility operations and operating lease equipment and property.

SEASONALITY

Our business is not materially affected by seasonality.

RAW MATERIALS

Our business does not materially depend on the supply of raw materials.

PATENTS, LICENSES AND CONTRACTS

Our business and profitability are not materially dependent on any patents or licenses, industrial, commercial or financial contracts, or new manufacturing processes.

BUSINESS REGULATION

ORIX and its group companies in Japan are incorporated under, and our corporate activities are primarily governed by, the Companies Act and other Japanese laws. However, because certain of ORIX's group companies are organized in jurisdictions other than Japan, and ORIX and its group companies are involved in diverse businesses, joint ventures and acquisitions in overseas jurisdictions, including in the United States, Europe, Asia and Oceania, we are subject to various laws and regulations in each jurisdiction in which they are organized or operate, including, but not limited to, regulations relating to corporate governance, business and investment approvals, competition, anti-corruption, anti-money laundering and terrorism financing, consumer and business taxation, foreign exchange controls, intellectual property and personal information protection. In recent years, there has been an increasing number of laws and regulations on competition, anti-corruption, anti-money laundering and terrorism financing, and personal data protection that can apply directly to business activities taking place outside of the jurisdiction that enacted such law or regulation (extraterritorial application). Given the need for ORIX and its group companies to deal with the laws and regulations of multiple countries on each legal topic, there has been a tendency for costs to increase as a result of the increasing number of laws and regulations that need to be assessed. In addition, there is an increasing number of cases where significant fines and penalties have been imposed for violations of such laws and regulations. For example, fines for violations of the European Union's General Data Protection Regulation can be up to 4% of total global turnover and fines for violations of the U.S. Foreign Corrupt Practices Act can be up to twice the benefit sought, in addition to penalties such as disgorgement of profits and prejudgment interest.

The next section describes the main laws and regulations applicable to each of our business segments.

1. Corporate Financial Services and Maintenance Leasing

ORIX and certain of our group companies are engaged in the moneylending business in Japan. The Moneylending Business Act requires that all companies engaged in moneylending business register with the Prime Minister or the relevant prefectural governors. Moneylenders permitted to register are regulated by the

Financial Services Agency ("FSA"), and are required to file various notifications and provide documents such as their annual business reports. Further, moneylenders are required to comply with applicable laws and to establish an internal management system to ensure the appropriate management of money lending operations. These obligations are supervised by the FSA. Accordingly, pursuant to the Moneylending Business Act, ORIX and certain of our group companies have registered with the Prime Minister or various prefectural governors, established the necessary internal systems, and provide the necessary reporting and notification to the FSA. The FSA has the power to issue business improvement orders, suspend all or part of a money lender's activities, or to revoke the registration of a moneylender that has violated the law, depending on the severity of the violation.

Certain businesses conducted by ORIX and our group companies are governed by the Financial Instruments and Exchange Act. The act was established to regulate activities such as the issuance, sale and purchase of stocks and other securities in order to protect investors and facilitate finance, and requires that any person conducting such activities register with the Prime Minister as a "financial instruments traders." Financial instruments traders are divided among four classifications depending on the type of business: (1) Type I Financial Instruments Business (2) Type II Financial Instruments Business, (3) Investment Management Business, and (4) Investment Advisory and Agency Business, and companies in the Corporate Financial Services and Maintenance Leasing segment conducting such activities are registered with the Prime Minister as Type II Financial Instruments Business. Registered financial instruments traders are obligated to establish an internal management system to ensure compliance with relevant laws and regulations and appropriate management of its business, as well as to provide and deliver material information and explain risks to their customers. The relevant supervisory authority, the FSA, monitors registered financial instruments traders and has the power to order improvement of a business, or suspension of a part or the whole of a business, or to revoke the registration of such a trader that has violated the law, depending on the severity of the violation:

While the ORIX Group includes a life insurance company engaged in the insurance business, ORIX and certain of our group companies are also separately registered with the Prime Minister as insurance agencies for life insurance and/or non-life insurance and are subject to Insurance Business Act. As insurance agencies, the companies are obligated to establish certain systems and provide and deliver material information and explain risks to their customers. In the event an insurance agency violates such obligations, the FSA has the power to order improvement of a business, or suspension of a part or the whole of a business, or to revoke the registration of the insurance agency that has violated the law, depending on the severity of the violation. For information on regulations applicable to our insurance business other than our insurance agencies, see "—*5. Insurance*" below.

Leasing and rental businesses generally do not require registration or licenses. However, the renting of automobiles (operation of a car rental business) and car-sharing business is subject to licensing by the Minister of the Ministry of Land, Infrastructure Transport and Tourism ("MLIT"). In addition, the leasing or renting of some types of goods may require compliance with regulations that specify reporting or notification obligations based on certain characteristics of the goods.

2. Real Estate

There are various regulations that apply to real estate activities. Certain of our group companies have obtained Construction Business Licenses from MLIT for constructing buildings and conducting interior finishing work. Furthermore, ORIX and certain of our group companies, including ORIX Real Estate Corporation and DAIKYO, are required to be licensed by MLIT or relevant prefectural governors under the Building Lots and Buildings Transaction Business Act to engage in activities such as the buying and selling land and buildings in Japan, and their operations are regulated by such laws, including the maintenance of registered real estate transaction managers on staff and the duty to provide and deliver material information to counterparties.

In addition, lodging facilities, such as Japanese inns and hotels, operated by ORIX Hotel Management Corporation have licenses from relevant prefectural governors under the Inns and Hotels Act, etc.

ORIX's wholly owned subsidiaries ORIX Asset Management Corporation ("OAM") and ORIX Real Estate Investment Advisors Corporation ("ORIA") are each registered with the Prime Minister under the Financial Instruments and Exchange Act as an investment manager and regulated by the FSA. ORIA is also registered to engage in the Type II Financial Instruments Business and the Investment Advisory and Agency Business. Under the Financial Instruments and Exchange Act, any entity possessing voting rights in an investment manager at or above a specified threshold is considered a major shareholder and must report its shareholding to the Prime Minister. ORIX has filed such report as a major shareholder of OAM and ORIA.

3. PE Investment and Concession

ORIX conducts investment activities in a broad range of fields without regard for the specific industry. Due to this, we are subject to a wide variety of regulations, including those that are applicable to our investment activities and those that apply due to the type of business conducted by our investees. ORIX is generally less directly involved in the management of its investees in comparison to group companies in other segments, but it is necessary for us to pay attention to regulations that apply to our investees so that we can monitor their management.

4. Environment and Energy

The businesses that comprise our renewable energy business, such as our solar power generation business, are subject to and must comply with various requirements and regulations in the jurisdictions where they operate, including the Electricity Business Act, Environmental Impact Assessment Act and Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities in Japan and similar laws and regulations in other jurisdictions, when setting up a power generation facility, including business notification requirements, regulations relating to the facility location, and other various regulations, such as those designed to protect the environment and visual landscape and ensure safety from the perspective of disaster prevention.

5. Insurance

In order to engage in the life insurance business, ORIX Life Insurance has obtained and maintains a license from the Prime Minister under the Insurance Business Act. The relevant supervisory authority, the FSA, has the power to conduct broad supervision and guidance of the life insurance industry and to issue business improvement orders, suspend all or part of an insurance company's activities, or to revoke the license of an insurance company that has violated the law or that has been determined to have an insufficient internal management system, depending on the severity of the violation or insufficiency. It is also generally necessary to receive FSA approval for the sale of new products and to revise pricing terms for existing products.

Any entity attempting to acquire voting rights in an insurance company at or above a specified threshold must receive permission from the Prime Minister in accordance with the Insurance Business Act. ORIX has received such permission as a major shareholder of ORIX Life Insurance.

6. Banking and Credit

ORIX Bank is licensed by the Prime Minister to engage in the banking and trust business and is regulated under the Banking Act and the Act on Engagement in Trust Business by Financial Institutions. The Banking Act governs the general banking business and the Act on Engagement in Trust Business by Financial Institutions and the Trust Business Act govern the trust business. A bank must establish a system for the protection of customers' interests, which is supervised by the FSA.

In addition, any entity that attempts to obtain voting rights in a bank at or above a specified threshold must receive permission from the Prime Minister in accordance with the Banking Act. ORIX has received such permission as a major shareholder of ORIX Bank.

7. Aircraft and Ships

The business of leasing aircraft and ships generally does not require a license, however it is necessary to register the ownership of aircraft and ships. In most jurisdictions, the lessee under an aircraft lease is responsible for registering the aircraft, while the lessor under a ship lease registers the ship with the appropriate flag state. In the case of ship leases, there are certain regulations that we must comply with because they apply directly not just to the lessee but also the lessor, such as environmental regulations.

8. ORIX USA

Certain of our businesses in our ORIX USA segment are subject to extensive regulation in the United States. Certain subsidiaries of ORIX Corporation USA manage private investments, collateralized loan obligations and separately managed accounts and are registered as investment advisers with the SEC under the U.S. Investment Advisers Act of 1940, as amended ("Advisers Act") and are subject to the requirements and regulations of the Advisers Act. Such requirements relate to, among other things, fiduciary duties to advisory clients, maintaining an effective compliance program and code of ethics, operational and marketing requirements, recordkeeping and reporting requirements, disclosure obligations and general anti-fraud prohibitions.

Lument Securities, a wholly owned subsidiary of ORIX Corporation USA, through which we conduct an investment banking, private placement and municipal securities business, is registered as a broker-dealer with the SEC and is a member of the Financial Industry Regulatory Authority ("FINRA"). Lument Securities is also a municipal securities dealer registered with the SEC and the Municipal Securities Rulemaking Board ("MSRB"), and hence is subject to regulation and oversight by the MSRB. Hilco Corporate Finance, a majority-owned subsidiary of ORIX Corporation USA, conducts investment banking and private placement services, and is registered as a broker-dealer with the SEC and is a member of FINRA. Lument Securities is registered as a broker-dealer in 53 U.S. jurisdictions,and Hilco Corporate Finance is registered as a broker-dealer in 24 U.S. jurisdictions, and as a result both are members of and subject to regulation by FINRA, a self-regulatory organization subject to oversight by the SEC that adopts and enforces rules governing the conduct, and examines the activities, of its member firms. State securities regulators also have regulatory oversight authority over Lument Securities and Hilco Corporate Finance. Broker-dealers are subject to regulations that cover all aspects of the securities business, including, among others, the implementation of a supervisory control system over the securities business, advertising and sales practices, conduct of and compensation in connection with public securities offerings, maintenance of adequate net capital, record keeping and the conduct and qualifications of employees.

By virtue of their involvement in the multifamily and seniors housing mortgage lending business, Lument and its mortgage company subsidiaries must comply with rules and regulations administered by the Government National Mortgage Association, the Federal National Mortgage Association, the Department of Housing and Urban Development/Federal Housing Administration, the United States Department of Agriculture, and the Federal Home Loan Mortgage Corporation.

Hilco Receivables, LLC, a majority-owned subsidiary of ORIX Corporation USA, is licensed in various U.S. states in connection with the purchase of consumer-purpose and business-purpose loans, and is subject to various state compliance regulations, including, among others, maintenance of surety bonds and adequate net capital, record keeping and business conduct.

Certain of ORIX Corporation USA's subsidiaries are licensed California Finance Lenders.

Boston Financial Investment Management, LP ("Boston Financial"), a subsidiary of ORIX Corporation USA, is a provider of syndication services as well as asset and portfolio management in the U.S. Low Income Housing Tax Credit ("LIHTC") industry in connection with financing for the construction and rehabilitation of affordable housing. As the beneficiary of tax credits and often other subsidy and loan programs, a LIHTC

property is typically regulated at the U.S. federal, state, and local levels. Further, day-to-day responsibility of the property resides with a third party property level general partner, who in addition to directing the agent that manages the property, has responsibility for compliance with applicable laws and regulations. As the general partner of the investment fund which invests as a limited partner in the property level partnership, Boston Financial monitors such compliance on behalf of the fund. In addition to LIHTC, certain Boston Financial sponsored investment funds invest in affordable housing with a social sustainability focus. These investments share a similar structure to the LIHTC investments, but do not involve tax credits.

American Community Capital, LLC, a wholly owned subsidiary of Boston Financial, is certified as a Community Development Financial Institution ("CDFI") eligible to serve a national low-income targeted population by the U.S. Department of the Treasury's Community Development Financial Institutions Fund and is required to submit annual filings with the U.S. Department of Treasury to maintain its CDFI designation.

9. ORIX Europe

Certain of our businesses in our ORIX Europe segment, which includes entities and businesses that are organized in or operating in jurisdictions outside of Europe, are subject to extensive regulation in various jurisdictions across Europe, the United States and Asia.

Dutch-regulated subsidiaries of OCE are subject to European financial supervisory regulation, including, amongst others and as the case may be, the Alternative Investment Fund Managers Directive, the Undertakings for Collective Investment in Transferable Securities ("UCITS") Directive, the Markets in Financial Instruments Directive, the European Market Infrastructure Regulation, the Market Abuse Regulation, the 5th Anti-Money Laundering Directive, the Benchmark Regulation, the Securities Financing Transactions Regulation and the Shareholder Rights Directive II. A Swiss regulated subsidiary of OCE is subject to the Swiss equivalent of these financial supervisory regulations (such as the Federal Act on Collective Investment Schemes, the Federal Ordinance on Collective Investment Schemes, the FINMA Collective Investment Schemes Ordinance, the Financial Services Act, the Financial Institutions Act, the Anti-Money Laundering Act, the Anti-Money Laundering Ordinance, the FINMA Anti-Money Laundering Ordinance). UK-regulated subsidiaries of OCE are subject to the UK Financial Conduct Authority ("FCA"), including, as the case may be, applicable provisions of the FCA Handbook. U.S.-regulated subsidiaries of OCE are subject to regulation, primarily at the federal level, by, as the case may be, the SEC, Department of Labor, Federal Reserve, Office of the Comptroller of the Currency, FINRA, National Futures Association ("NFA"), Department of Justice, Commodity Futures Trading Commission ("CFTC") and New Hampshire Banking Department ("NHBD"), as well as being subject to the Advisers Act.

Robeco Institutional Asset Management B.V. ("RIAM"), a subsidiary of OCE and part of the Robeco group, is registered as an alternative investment fund manager ("AIFM") and fund manager of UCITS in the Netherlands and regulated by the Dutch Authority for the Financial Markets ("AFM") and the Dutch Central Bank ("DNB"). RIAM is also licensed and registered with regulators in other jurisdictions, including those in Canada, China, India, Korea and Singapore. Furthermore, RIAM has branches and representative offices worldwide, including in Dubai, Germany, Spain and Italy, each of which either benefits from RIAM's European passport or is subject to regulatory supervision by local regulators.

Certain other subsidiaries of OCE located across Europe, the United States and Asia that are affiliated with the Robeco group are registered, licensed or approved, as the case may be, by regulators in the jurisdictions in which they operate and subject to local regulations regarding their businesses. Such regulators include the Swiss Financial Market Supervisory Authority ("FINMA"), AFM, FCA, SEC, Securities & Futures Commission of Hong Kong, Financial Services Commission of Korea ("FSC"), Australian Securities and Investments Commission and Monetary Authority of Singapore.

Transtrend B.V., a wholly owned subsidiary of OCE that offers asset management and commodity trading advisory services, is registered as an AIFM in the Netherlands and regulated by the AFM and DNB. Transtrend is also registered with the NFA, regulated by the CFTC and licensed by the China Securities Regulatory Commission.

Boston Partners Global Investors, Inc. ("Boston Partners") is a subsidiary of OCE and registered with the SEC as an investment adviser. Boston Partners is also a member of the NFA and is registered as a commodity pool operator and as a commodity trading adviser with the CFTC. Furthermore, Boston Partners is registered with the FSC. Certain subsidiaries of Boston Partners located in the United States and the United Kingdom are also registered with the SEC, New Hampshire Banking Department ("NHBD"), FINRA, the Ontario Securities Commission ("OSC") and the FCA.

Harbor Capital Advisors, Inc. ("Harbor") is a subsidiary of OCE and is registered with the SEC as an investment adviser. Harbor is also a member of the NFA and is registered as a commodity pool operator with the CFTC. Certain subsidiaries of Harbor are registered with the SEC, NHBD and a member of FINRA.

Gravis Capital Management Ltd ("Gravis"), a subsidiary of OCE, is a UK asset manager and is authorized as a full-scope UK AIFM by the FCA. A subsidiary of Gravis is also authorized by the FCA.

10. Asia and Australia

Our group companies in our Asia and Australia segment are subject to the laws and regulations of the various jurisdictions across Asia and Oceania in which they operate. Many of the businesses are also subject to oversight by regulatory authorities in those jurisdictions due to the industries in which they operate, particularly those businesses that offer of financial services, such as leasing, lending and banking. Regulatory authorities in these jurisdictions have authority with respect to financial services and can grant, suspend or cancel licenses or registrations that are necessary for our businesses to conduct certain of their operations.

Among group companies in the segment, ORIX Asia Limited is registered with the Hong Kong Monetary Authority as a restricted license bank. A wholly owned subsidiary of ORIX Leasing Malaysia Berhad has a money lending license from the Malaysia Ministry of Housing and Local Government, and is registered with Bank Negara Malaysia. PT. ORIX Indonesia Finance has a financial institution business license and is regulated by the Indonesia Financial Services Authority. ORIX Australia Corporation Limited is registered with the Australian Prudential Regulation Authority as a registered finance corporation. ORIX Capital Korea Corporation is registered with the Korea Financial Supervisory Service as a specialized credit finance business company.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

Table of Contents for Item 5

	Page
Overview	40
Results of Operations	41
Liquidity and Capital Resources	96
Cash Flows	102
Commitments for Capital Expenditures	103
Research and Development, Patents and Licenses, etc.	103
Trend Information	103
Critical Accounting Policies and Estimates	104
Fair Value of Investment and Rental Property	115
Recent Developments	116
Risk Management	120

OVERVIEW

The following discussion provides management's explanation of factors and events that have significantly affected our financial condition and results of operations. Also included is management's assessment of factors and trends which are anticipated to have a material effect on our financial condition and results of operations in the future. However, please be advised that our financial condition and results of operations in the future may also be affected by factors other than those discussed here. This discussion should be read in conjunction with "Item 3. Key Information—Risk Factors" and "Item 18. Financial Statements" included in this annual report.

Basic approach to financial and capital strategy

Regarding funding activities, we strive to maintain a high ratio of long-term funds procured and staggered repayment periods, keeping in mind the diversification and balance of fund procurement methods and sources. We strive to ensure that liquidity on hand is at an appropriate level through stress testing and other means. With regard to shareholders' equity, we measure risk in all assets using our own method, and strive to monitor the ratio of use of shareholders' equity at an appropriate level while considering the balance between flexibility and financial soundness for new investments.

ORIX is working to measure and evaluate its capital adequacy, financing conditions, and asset quality internally, and regularly confirm evaluations from credit rating agencies.

The issuer ratings (or counterparty ratings) that the ORIX Group has obtained from rating agencies as of the filing date of this annual report are "BBB+" for S&P Global Ratings Japan, "A3" for Moody's Investors Service, "A-" for Fitch Ratings Japan, "AA" for Rating and Investment Information, Inc. (R&I), and "AA" for Japan Credit Rating Agency, Ltd. (JCR).

Major Use of funding

The ORIX Group's major uses of funding include purchases of leased assets, such as office equipment, automobiles, ICT equipment, measuring equipment, real estate, and aircraft, origination of loans, purchases of investment securities, purchases of business assets, and investment in companies.

Results Overview

In fiscal 2026, net income attributable to ORIX corporation shareholders increased 27% to ¥447.3 billion compared to fiscal 2025. For fiscal 2026, ROE was 10.4%.

Total segment profits in fiscal 2026 increased 35% to ¥732.6 billion to compared to fiscal 2025 due to a decrease in segment profit in Banking and Credit, Aircraft and Ships, and ORIX USA, offset by an increase in segment profit in Corporate Financial Services and Maintenance Leasing, Real Estate, PE Investment and Concession, Environment and Energy, Insurance, ORIX Europe, and Asia and Australia. The summary of the main factors behind the consolidated business results for fiscal 2026 is included in "Item 5. Operating and Financial Review and Prospects—The Fiscal Year vs Last Fiscal Year" in this annual report.

RESULTS OF OPERATIONS

GUIDE TO OUR CONSOLIDATED STATEMENT OF INCOME

The following discussion and analysis provide information that management believes to be relevant to an understanding of our consolidated financial condition and results of operations. This discussion should be read in conjunction with our consolidated financial statements, including the notes thereto, included in this annual report. See "Item 18. Financial Statements."

Our consolidated results of operations are presented in the accompanying financial statements with sub-categorization of revenues and expenses designed to enable the reader to better understand the diversified operating activities contributing to our overall operating performance.

As further described in "Item 4. Information on the Company," after developing the Japanese leasing market in 1964, we extended the scope of our operations into various types of businesses which have become significant contributors to our consolidated operating results. Our initial leasing business has expanded into the provision of broader financial services, including direct lending to our lessees and other customers. Initial direct lending broadened into diversified finance such as real estate loans for consumers, loans secured by real estate, unsecured loans and non-recourse loans. Through our lending experience, we developed a loan servicing business and a loan securitization business. Through experience gained by our focus on real estate as collateral for loans, we also developed our real estate leasing, development and management operations.

Furthermore, we also expanded our business by adding securities-related operations, to generate capital gains. Thereafter, we established and acquired a number of subsidiaries and affiliates in Japan and overseas to expand our operations into businesses such as banking, life insurance, real estate and asset management. Investment and Operation Headquarters selectively invests in companies and actively seeks to fulfill the needs of companies involved in or considering M&A activity, including, among other things, management buyouts, privatization or carve-outs of subsidiaries or business units and business succession.

The diversified nature of our operations is reflected in our presentation of operating results through the categorization of our revenues and expenses to align with operating activities. We categorize our revenues into finance revenues, gains on investment securities and dividends, operating leases, life insurance premiums and related investment income, sales of goods and real estate and services income, and these revenues are summarized into a subtotal of "Total revenues" consisting of our "Operating Income" on our consolidated statements of income.

The following provides supplemental explanation of certain account captions on our consolidated statements of income:

Finance revenues include primarily finance leases, interest on loans and interest on investment securities because we believe that capital we deploy is fungible and, whether used to provide financing in the form of loans and leases or through investment in debt securities, the decision to deploy the capital is a banking-type operation that shares the common objective of managing earning assets to generate a positive spread over our cost of borrowings. In addition, revenues from guarantees, which are from commission income by guarantees against loans disbursed by other financial institutions, are also included in finance revenues.

Securities investment activities originated by the Company were extended to certain group companies, including our subsidiaries operating in the Americas.

Sales of goods and real estate consists of revenues from sales of real estate and various types of goods.

Services income consists of revenues derived from various operations that are considered a part of our recurring operating activities, such as asset management and servicing, automobile related services, facilities operation, environment and energy services, real estate management, brokerage and contract work, maintenance services of software, measurement equipment and other, and fee business.

Similar to our revenues, we categorize our expenses based on our diversified operating activities. "Total expenses" includes mainly interest expense, costs of operating leases, life insurance costs, costs of goods and real estate sold, services expense and selling, general and administrative expenses.

Services expense is directly associated with the sales and revenues separately reported within services income. Interest expense is based on monies borrowed mainly to fund revenue-generating assets, including to purchase equipment for leases, extend loans and invest in securities and real estate operations. We also consider the principal part of selling, general and administrative expenses to be directly related to the generation of revenues. Therefore, they have been included within "Total expenses" deducted to derive "Operating Income." We similarly view the provision for credit losses to be directly related to our finance activities and accordingly have included it within "Total expenses." As our principal operations consist of providing financial products and/or finance-related services to our customers, these expenses are directly related to the potential risks and changes in these products and services. See "Year Ended March 31, 2026 Compared to Year Ended March 31, 2025" and "Year Ended March 31, 2025 Compared to Year Ended March 31, 2024."

We have historically reflected write-downs of long-lived assets under "Operating Income" as related assets, primarily real estate assets, representing significant operating assets under management or development. Accordingly, the write-downs were considered to represent an appropriate component of "Operating Income" derived from the related real estate investment activities. Similarly, as we have identified investment in securities to represent an operating component of our financing activities, write-downs of securities are presented under "Operating Income."

We believe that our financial statement presentation, as explained above, with the expanded presentation of revenues and expenses, aids in the comprehension of our diversified operating activities in Japan and overseas and supports the fair presentation of our consolidated statements of income.

YEAR ENDED MARCH 31, 2026 COMPARED TO YEAR ENDED MARCH 31, 2025

Performance Summary

Financial Results

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except ratios, per Share data and percentages)			
Total revenues	¥ 2,874,821	¥ 3,330,831	¥ 456,010	16
Total expenses	2,542,995	2,874,583	331,588	13
Income before Income Taxes	480,463	691,431	210,968	44
Net Income Attributable to ORIX Corporation Shareholders	351,630	447,265	95,635	27
Earnings per Share (Basic)	307.74	400.27	92.53	30
(Diluted)	307.16	399.40	92.24	30
ROE*1	8.8	10.4	1.6	—
ROA*2	2.12	2.57	0.45	—

*1 ROE is the ratio of Net Income Attributable to ORIX Corporation Shareholders for the period to average ORIX Corporation Shareholders' Equity based on fiscal year beginning and ending balances.

*2 ROA is the ratio of Net Income Attributable to ORIX Corporation Shareholders for the period to average Total Assets based on fiscal year beginning and ending balances.

Total revenues for fiscal 2026 increased 16% to ¥3,330,831 million compared to fiscal 2025 primarily due to increases in gains on investment securities and dividends, including the recognition of valuation gains on fund investments at our U.S. subsidiary and a gain related to the transfer of shares of Greenko Energy Holdings, as well as increases in life insurance premiums and related investment income, and service income.

Total expenses for fiscal 2026 increased 13% to ¥2,874,583 million compared to fiscal 2025 primarily due to increases in life insurance costs and selling, general and administrative expenses.

Equity in net income of equity method investments for fiscal 2026 increased 117% to ¥123,872 million compared to fiscal 2025 and gains on sales of subsidiaries and equity method investments and liquidation losses, net for fiscal 2026 increased 27% to ¥111,311 million compared to fiscal 2025, primarily due to the recognition of a gain of ¥83,135 million from the transfer of shares of Greenko Energy Holdings.

Due to the above results, income before income taxes for fiscal 2026 increased 44% to ¥691,431 million compared to fiscal 2025 and net income attributable to ORIX Corporation Shareholders increased 27% to ¥447,265 million compared to fiscal 2025.

Balance Sheet data

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen except ratios, per share and percentages)			
Total Assets	¥ 16,866,251	¥ 18,002,776	¥ 1,136,525	7
(Segment assets)	16,456,627	17,435,466	978,839	6
Total Liabilities	12,691,036	13,378,965	687,929	5
(Short-term and Long-term debt)	6,282,798	6,537,994	255,196	4
(Deposits)	2,449,812	2,625,556	175,744	7
ORIX Corporation Shareholders' Equity	4,089,782	4,482,500	392,718	10
ORIX Corporation Shareholders' Equity per share	3,599.24	4,080.24	481.00	13
ORIX Corporation Shareholders' Equity ratio*	24.2 %	24.9 %	0.7 %	—
D/E ratio (Debt-to-equity ratio) (Short-term and Long-term debt (excluding deposits) / ORIX Corporation Shareholders' Equity)	1.5 x	1.5 x	— x	—

* ORIX Corporation Shareholders' Equity ratio is the ratio as of the period end of ORIX Corporation Shareholder's Equity to total assets.

Total assets increased 7% to ¥18,002,776 million compared to the balance as of March 31, 2025 primarily due to increases in investment in operating leases, cash and cash equivalents, installment loans and other assets (mainly reinsurance recoverables and goodwill). In addition, segment assets increased 6% to ¥17,435,466 million compared to the balance as of March 31, 2025.

Total liabilities increased 5% to ¥13,378,965 million compared to the balance as of March 31, 2025 primarily due to increases in long-term debt and deposits.

Shareholders' equity increased 10% to ¥4,482,500 million compared to the balance as of March 31, 2025.

Details of Operating Results

The following is a discussion of certain items in the consolidated statements of income, operating assets in the consolidated balance sheets and other selected financial information, including on a segment by segment basis.

Segment Information

Our operating segments used by the chief operating decision maker to make decisions about resource allocations and assess performance are organized into ten segments based on our business management organization which is classified by the nature of major products and services, customer base, regulations, and business areas. The ten segments are Corporate Financial Services and Maintenance Leasing, Real Estate, PE Investment and Concession, Environment and Energy, Insurance, Banking and Credit, Aircraft and Ships, ORIX USA, ORIX Europe, and Asia and Australia.

Financial information about the operating segments reported below is that which is available by segment and regularly reviewed by the chief operating decision maker to make decisions about resource allocations and assess performance. The chief operating decision maker evaluates segment performance based on the amount equivalent to income before income taxes attributable to ORIX Corporation shareholders. Therefore, net income attributable to noncontrolling interests, net income attributable to redeemable noncontrolling interests, and income tax expenses are not included in segment profit or loss.

Effective April 1, 2026, we changed our operating segments used by our chief operating decision maker for allocating resources and assessing performance. Accordingly, segment information based on the new operating segment structure will be disclosed beginning in the first quarter of the fiscal year ending March 31, 2027.

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Segment Revenues:				
Corporate Financial Services and Maintenance Leasing	¥ 460,699	¥ 487,842	¥ 27,143	6
Real Estate	497,780	530,901	33,121	7
PE Investment and Concession	377,931	441,953	64,022	17
Environment and Energy	186,021	209,231	23,210	12
Insurance	518,363	643,045	124,682	24
Banking and Credit	63,304	76,439	13,135	21
Aircraft and Ships	119,592	130,016	10,424	9
ORIX USA	154,228	272,219	117,991	77
ORIX Europe	257,267	291,086	33,819	13
Asia and Australia	236,220	243,414	7,194	3
Segment Total	2,871,405	3,326,146	454,741	16
Difference between Segment Total and Consolidated Amounts	3,416	4,685	1,269	37
Consolidated Amounts	¥ 2,874,821	¥ 3,330,831	¥ 456,010	16

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Segment Profits:				
Corporate Financial Services and Maintenance Leasing	¥ 90,329	¥ 100,740	¥ 10,411	12
Real Estate	70,541	78,509	7,968	11
PE Investment and Concession	98,872	125,611	26,739	27
Environment and Energy	(4,923)	115,772	120,695	—
Insurance	74,399	102,891	28,492	38
Banking and Credit	29,291	27,212	(2,079)	(7)
Aircraft and Ships	67,420	66,608	(812)	(1)
ORIX USA	39,915	954	(38,961)	(98)
ORIX Europe	44,373	63,051	18,678	42
Asia and Australia	34,451	51,249	16,798	49
Segment Total	544,668	732,597	187,929	35
Difference between Segment Total and Consolidated Amounts	(64,205)	(41,166)	23,039	—
Consolidated Amounts	¥ 480,463	¥ 691,431	¥ 210,968	44

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Segment Assets:				
Corporate Financial Services and Maintenance Leasing	¥ 1,884,565	¥ 1,876,895	¥ (7,670)	(0)
Real Estate	1,158,293	1,235,906	77,613	7
PE Investment and Concession	1,022,944	1,050,561	27,617	3
Environment and Energy	1,016,175	1,018,777	2,602	0
Insurance	3,009,234	3,198,270	189,036	6
Banking and Credit	3,144,571	3,236,799	92,228	3
Aircraft and Ships	1,231,973	1,211,335	(20,638)	(2)
ORIX USA	1,593,939	1,940,471	346,532	22
ORIX Europe	669,306	801,175	131,869	20
Asia and Australia	1,725,627	1,865,277	139,650	8
Segment Total	16,456,627	17,435,466	978,839	6
Difference between Segment Total and Consolidated Amounts	409,624	567,310	157,686	38
Consolidated Amounts	¥16,866,251	¥18,002,776	¥1,136,525	7

Corporate Financial Services and Maintenance Leasing

Segment profits increased 12% to ¥100,740 million compared to the previous fiscal year primarily due to increases in operating leases revenues and equity in net income of equity method investments.

Segment assets totaled ¥1,876,895 million, remaining relatively unchanged compared to the end of the previous fiscal year primarily due to decreases in installment loans and loans to ORIX and its subsidiaries, partially offset by an increase in investment in operating leases.

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 63,271	¥ 68,600	¥ 5,329	8
Gains on investment securities and dividends	2,647	1,639	(1,008)	(38)
Operating leases	282,433	301,626	19,193	7
Sales of goods and real estate	4,202	4,689	487	12
Services income	108,146	111,288	3,142	3
Total Segment Revenues	460,699	487,842	27,143	6
Interest expense	7,306	12,025	4,719	65
Costs of operating leases	201,286	211,610	10,324	5
Costs of goods and real estate sold	3,335	3,778	443	13
Services expense	57,372	61,398	4,026	7
Other (income) and expense	18,305	18,505	200	1
Selling, general and administrative expenses	89,599	88,127	(1,472)	(2)
Provision for credit losses, and write-downs of long-lived assets and securities	2,199	3,348	1,149	52
Total Segment Expenses	379,402	398,791	19,389	5
Equity in Net income (Loss) of equity method investments and others	9,032	11,689	2,657	29
Segment Profits	¥ 90,329	¥ 100,740	¥ 10,411	12

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases	¥ 569,380	¥ 577,187	¥ 7,807	1
Installment loans	424,370	393,442	(30,928)	(7)
Investment in operating leases	557,625	609,965	52,340	9
Investment in securities	29,690	31,876	2,186	7
Property under facility operations	43,857	42,088	(1,769)	(4)
Inventories	433	384	(49)	(11)
Advances for finance lease and operating lease	6,177	7,106	929	15
Equity method investments	16,375	8,481	(7,894)	(48)
Advances for property under facility operations	143	5	(138)	(97)
Goodwill, intangible assets acquired in business combinations	25,268	24,450	(818)	(3)
Other assets	211,247	181,911	(29,336)	(14)
Total Segment Assets	¥ 1,884,565	¥ 1,876,895	¥ (7,670)	(0)

Real Estate

Segment profits increased 11% to ¥78,509 million compared to the previous fiscal year primarily due to increases in services income and equity in net income of equity method investments, partially offset by a decrease in operating leases revenues.

Segment assets increased 7% to ¥1,235,906 million compared to the end of the previous fiscal year primarily due to increases in investment in operating leases, inventories, and equity method investments, partially offset by decreases in property under facility operations.

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 4,860	¥ 5,052	¥ 192	4
Gains on investment securities and dividends	1,282	953	(329)	(26)
Operating leases	61,321	52,300	(9,021)	(15)
Sales of goods and real estate	107,859	126,074	18,215	17
Services income	322,458	346,522	24,064	7
Total Segment Revenues	497,780	530,901	33,121	7
Interest expense	2,616	5,721	3,105	119
Costs of operating leases	24,167	24,962	795	3
Costs of goods and real estate sold	89,593	108,329	18,736	21
Services expense	264,952	275,837	10,885	4
Other (income) and expense	1,664	(2,512)	(4,176)	—
Selling, general and administrative expenses	43,405	46,996	3,591	8
Provision for credit losses, and write-downs of long-lived assets and securities	3,098	878	(2,220)	(72)
Total Segment Expenses	429,495	460,211	30,716	7
Equity in Net income (Loss) of equity method investments and others	2,256	7,819	5,563	247
Segment Profits	¥ 70,541	¥ 78,509	¥ 7,968	11

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases	¥ 45,810	¥ 38,903	¥ (6,907)	(15)
Installment loans	30	14	(16)	(53)
Investment in operating leases	311,377	369,596	58,219	19
Investment in securities	6,209	9,363	3,154	51
Property under facility operations	175,153	153,861	(21,292)	(12)
Inventories	182,652	218,937	36,285	20
Advances for finance lease and operating lease	78,044	50,332	(27,712)	(36)
Equity method investments	177,956	214,196	36,240	20
Advances for property under facility operations	7,401	8,136	735	10
Goodwill, intangible assets acquired in business combinations	50,801	48,750	(2,051)	(4)
Other assets	122,860	123,818	958	1
Total Segment Assets	¥1,158,293	¥1,235,906	¥ 77,613	7

PE Investment and Concession

Segment profits increased 27% to ¥125,611 million compared to the previous fiscal year primarily due to increases in equity in net income of equity method investments, sales of goods and real estate, and services income, partially offset by a decrease in gains on sales of subsidiaries and equity method investments.

Segment assets increased 3% to ¥1,050,561 million compared to the end of the previous fiscal year primarily due to increases in equity method investments, goodwill, intangible assets acquired in business combinations, and property under facility operations, partially offset by a decrease in installment loans.

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 12,140	¥ 15,243	¥ 3,103	26
Gains on investment securities and dividends	851	1,861	1,010	119
Operating leases	42,698	36,441	(6,257)	(15)
Sales of goods and real estate	252,969	301,345	48,376	19
Services income	69,273	87,063	17,790	26
Total Segment Revenues	377,931	441,953	64,022	17
Interest expense	3,833	5,321	1,488	39
Costs of operating leases	26,389	23,331	(3,058)	(12)
Costs of goods and real estate sold	173,652	212,658	39,006	22
Services expense	48,890	59,934	11,044	23
Other (income) and expense	10,622	(3,460)	(14,082)	—
Selling, general and administrative expenses	88,370	92,620	4,250	5
Provision for credit losses, and write-downs of long-lived assets and securities	1,743	8,044	6,301	362
Total Segment Expenses	353,499	398,448	44,949	13
Equity in Net income (Loss) of equity method investments and others	74,440	82,106	7,666	10
Segment Profits	¥ 98,872	¥ 125,611	¥ 26,739	27

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases	¥ 1,640	¥ 1,510	¥ (130)	(8)
Installment loans	124,411	13,102	(111,309)	(89)
Investment in operating leases	46,796	45,398	(1,398)	(3)
Investment in securities	6,117	10,905	4,788	78
Property under facility operations	53,832	74,886	21,054	39
Inventories	41,021	44,370	3,349	8
Advances for finance lease and operating lease	3	1	(2)	(67)
Equity method investments	148,274	239,127	90,853	61
Advances for property under facility operations	728	3,996	3,268	449
Goodwill, intangible assets acquired in business combinations	331,003	352,682	21,679	7
Other assets	269,119	264,584	(4,535)	(2)
Total Segment Assets	¥1,022,944	¥1,050,561	¥ 27,617	3

Environment and Energy

Segment profits increased by ¥120,695 million to ¥115,772 million compared to the previous fiscal year primarily due to increases in gains on sales of subsidiaries and equity method investments and gains on investment securities and dividends, and a decrease in write-downs of long-lived assets.

Segment assets totaled ¥1,018,777 million, remaining relatively unchanged compared to the end of the previous fiscal year primarily due to increases in investment in securities and advances for property under facility operations, partially offset by a decrease in equity method investments.

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 1,402	¥ 11,938	¥ 10,536	751
Gains on investment securities and dividends	3,128	20,553	17,425	557
Operating leases	79	89	10	13
Sales of goods and real estate	3,307	3,311	4	0
Services income	178,105	173,340	(4,765)	(3)
Total Segment Revenues	186,021	209,231	23,210	12
Interest expense	13,170	15,499	2,329	18
Costs of operating leases	18	20	2	11
Costs of goods and real estate sold	1,786	2,050	264	15
Services expense	136,118	131,543	(4,575)	(3)
Other (income) and expense	446	(5,158)	(5,604)	—
Selling, general and administrative expenses	22,582	26,037	3,455	15
Provision for credit losses, and write-downs of long-lived assets and securities	20,573	6,772	(13,801)	(67)
Total Segment Expenses	194,693	176,763	(17,930)	(9)
Equity in Net income (Loss) of equity method investments and others	3,749	83,304	79,555	—
Segment Profits	¥ (4,923)	¥ 115,772	¥ 120,695	—

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases	¥ 2,092	¥ 1,638	¥ (454)	(22)
Installment loans	3,609	6,004	2,395	66
Investment in operating leases	237	241	4	2
Investment in securities	32,032	142,410	110,378	345
Property under facility operations	487,241	496,063	8,822	2
Inventories	2,551	3,401	850	33
Equity method investments	170,946	10,291	(160,655)	(94)
Advances for property under facility operations	70,081	115,763	45,682	65
Goodwill, intangible assets acquired in business combinations	120,743	117,197	(3,546)	(3)
Other assets	126,643	125,769	(874)	(1)
Total Segment Assets	¥1,016,175	¥1,018,777	¥ 2,602	0

Insurance

Segment profits increased 38% to ¥102,891 million compared to the previous fiscal year primarily due to an increase in life insurance premiums and related investment income.

Segment assets increased 6% to ¥3,198,270 million compared to the end of the previous fiscal year primarily due to increases in reinsurance recoverables and investment in securities, partially offset by a decrease in cash and cash equivalents.

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 280	¥ 141	¥ (139)	(50)
Life insurance premiums and related investment income	518,084	642,904	124,820	24
Services income	(1)	0	1	—
Total Segment Revenues	518,363	643,045	124,682	24
Interest expense	256	545	289	113
Life insurance costs	384,910	480,603	95,693	25
Other (income) and expense	(110)	(3)	107	—
Selling, general and administrative expenses	58,904	58,979	75	0
Provision for credit losses, and write-downs of long-lived assets and securities	4	30	26	650
Total Segment Expenses	443,964	540,154	96,190	22
Equity in Net income (Loss) of equity method investments and others	(0)	(0)	(0)	—
Segment Profits	¥ 74,399	¥ 102,891	¥ 28,492	38

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Installment loans	¥ 12,805	¥ 15,191	¥ 2,386	19
Investment in operating leases	26,167	25,457	(710)	(3)
Investment in securities	2,234,453	2,288,116	53,663	2
Equity method investments	35,865	46,002	10,137	28
Goodwill, intangible assets acquired in business combinations	4,452	4,452	0	—
Other assets	695,492	819,052	123,560	18
Total Segment Assets	¥3,009,234	¥3,198,270	¥ 189,036	6

Banking and Credit

Segment profits decreased 7% to ¥27,212 million compared to the previous fiscal year primarily due to a decrease in gains on investment securities and dividends.

Segment assets increased 3% to ¥3,236,799 million compared to the end of the previous fiscal year primarily due to increases in installment loans and cash and cash equivalents, partially offset by a decrease in investment in securities.

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 60,290	¥ 78,903	¥ 18,613	31
Gains on investment securities and dividends	100	(5,348)	(5,448)	—
Services income	2,914	2,884	(30)	(1)
Total Segment Revenues	63,304	76,439	13,135	21
Interest expense	7,184	19,809	12,625	176
Services expense	7,590	7,399	(191)	(3)
Other (income) and expense	40	(89)	(129)	—
Selling, general and administrative expenses	20,822	23,854	3,032	15
Provision for credit losses, and write-downs of long-lived assets and securities	(176)	188	364	—
Total Segment Expenses	35,460	51,161	15,701	44
Equity in Net income (Loss) of equity method investments and others	1,447	1,934	487	34
Segment Profits	¥ 29,291	¥ 27,212	¥ (2,079)	(7)

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Installment loans	¥2,511,736	¥2,685,320	¥ 173,584	7
Investment in securities	305,441	166,331	(139,110)	(46)
Equity method investments	43,934	44,544	610	1
Other assets	283,460	340,604	57,144	20
Total Segment Assets	¥3,144,571	¥3,236,799	¥ 92,228	3

Aircraft and Ships

Segment profits decreased 1% to ¥66,608 million compared to the previous fiscal year primarily due to an increase in selling, general and administrative expenses, and a decrease in equity in net income of equity method investments, partially offset by an increase in services income.

Segment assets decreased 2% to ¥1,211,335 million compared to the end of the previous fiscal year primarily due to decreases in investment in operating leases and installment loans, and cash and cash equivalents, partially offset by an increase in goodwill, intangible assets acquired in business combinations.

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 5,769	¥ 3,853	¥ (1,916)	(33)
Gains on investment securities and dividends	(24)	272	296	—
Operating leases	96,856	102,827	5,971	6
Sales of goods and real estate	852	1,093	241	28
Services income	16,139	21,971	5,832	36
Total Segment Revenues	119,592	130,016	10,424	9
Interest expense	20,159	19,386	(773)	(4)
Costs of operating leases	40,986	46,309	5,323	13
Costs of goods and real estate sold	864	1,120	256	30
Services expense	6,724	8,268	1,544	23
Other (income) and expense	68	(1,527)	(1,595)	—
Selling, general and administrative expenses	11,967	15,328	3,361	28
Provision for credit losses, and write-downs of long-lived assets and securities	3	4	1	33
Total Segment Expenses	80,771	88,888	8,117	10
Equity in Net income (Loss) of equity method investments and others	28,599	25,480	(3,119)	(11)
Segment Profits	¥ 67,420	¥ 66,608	¥ (812)	(1)

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases	¥ 0	¥ 12,372	¥ 12,372	—
Installment loans	36,119	17,078	(19,041)	(53)
Investment in operating leases	599,813	590,639	(9,174)	(2)
Investment in securities	9,387	2,217	(7,170)	(76)
Property under facility operations	28	24	(4)	(14)
Inventories	1,588	826	(762)	(48)
Advances for finance lease and operating lease	27,816	28,431	615	2
Equity method investments	402,567	410,193	7,626	2
Goodwill, intangible assets acquired in business combinations	43,024	55,804	12,780	30
Other assets	111,631	93,751	(17,880)	(16)
Total Segment Assets	¥ 1,231,973	¥ 1,211,335	¥ (20,638)	(2)

ORIX USA

Segment profits decreased 98% to ¥954 million compared to the previous fiscal year primarily due to increases in impairment of goodwill and intangible assets and selling, general and administrative expenses, a decrease in gains on sales of subsidiaries and equity method investments, and an increase in provision for credit losses, partially offset by an increase in gains on investment securities and dividends.

Segment assets increased 22% to ¥1,940,471 million compared to the end of the previous fiscal year due to an increase in goodwill, intangible assets acquired in business combinations as a result of a new acquisition of a subsidiary in the second quarter of fiscal 2026, and increases in installment loans and trade notes, accounts and other receivables.

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 102,627	¥ 106,559	¥ 3,932	4
Gains on investment securities and dividends	119	89,425	89,306	—
Operating leases	861	2,670	1,809	210
Sales of goods and real estate	543	2,535	1,992	367
Services income	50,078	71,030	20,952	42
Total Segment Revenues	154,228	272,219	117,991	77
Interest expense	40,016	52,997	12,981	32
Costs of operating leases	1,496	2,851	1,355	91
Costs of goods and real estate sold	307	1,659	1,352	440
Services expense	2,823	1,947	(876)	(31)
Other (income) and expense	(3,382)	51,322	54,704	—
Selling, general and administrative expenses	95,406	123,875	28,469	30
Provision for credit losses, and write-downs of long-lived assets and securities	7,669	25,342	17,673	230
Total Segment Expenses	144,335	259,993	115,658	80
Equity in Net income (Loss) of equity method investments and others	30,022	(11,272)	(41,294)	—
Segment Profits	¥ 39,915	¥ 954	¥ (38,961)	(98)

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases	¥ 451	¥ 433	¥ (18)	(4)
Installment loans	652,805	757,103	104,298	16
Investment in operating leases	21,260	39,605	18,345	86
Investment in securities	487,022	503,966	16,944	3
Property under facility operations and servicing assets	76,469	82,749	6,280	8
Inventories	137	699	562	410
Equity method investments	54,817	65,577	10,760	20
Goodwill, intangible assets acquired in business combinations	171,884	297,167	125,283	73
Other assets	129,094	193,172	64,078	50
Total Segment Assets	¥ 1,593,939	¥ 1,940,471	¥ 346,532	22

ORIX Europe

Segment profits increased 42% to ¥63,051 million compared to the previous fiscal year primarily due to increases in gains on sales of subsidiaries and equity method investments, and services income.

Segment assets increased 20% to ¥801,175 million compared to the end of the previous fiscal year primarily due to a general increase as a result of foreign exchange effects.

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 4,077	¥ 3,360	¥ (717)	(18)
Gains on investment securities and dividends	4,408	13,869	9,461	215
Services income	248,782	273,857	25,075	10
Total Segment Revenues	257,267	291,086	33,819	13
Interest expense	665	687	22	3
Services expense	66,446	72,084	5,638	8
Other (income) and expense	4,231	4,586	355	8
Selling, general and administrative expenses	138,859	157,595	18,736	13
Provision for credit losses, and write-downs of long-lived assets and securities	115	148	33	29
Total Segment Expenses	210,316	235,100	24,784	12
Equity in Net income (Loss) of equity method investments and others	(2,578)	7,065	9,643	—
Segment Profits	¥ 44,373	¥ 63,051	¥ 18,678	42

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Investment in securities	¥ 86,008	¥ 114,919	¥ 28,911	34
Equity method investments	8,578	6,005	(2,573)	(30)
Goodwill, intangible assets acquired in business combinations	354,801	393,782	38,981	11
Other assets	219,919	286,469	66,550	30
Total Segment Assets	¥ 669,306	¥ 801,175	¥ 131,869	20

Asia and Australia

Segment profits increased 49% to ¥51,249 million compared to the previous fiscal year primarily due to increases in equity in net income of equity method investments, and gains on sales of subsidiaries and equity method investments.

Segment assets increased 8% to ¥1,865,277 million compared to the end of the previous fiscal year primarily due to a general increase as a result of foreign exchange effects.

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 74,961	¥ 73,492	¥ (1,469)	(2)
Gains on investment securities and dividends	1,933	5,830	3,897	202
Operating leases	135,169	139,189	4,020	3
Sales of goods and real estate	751	482	(269)	(36)
Services income	23,406	24,421	1,015	4
Total Segment Revenues	236,220	243,414	7,194	3
Interest expense	41,761	38,177	(3,584)	(9)
Costs of operating leases	97,249	99,936	2,687	3
Costs of goods and real estate sold	684	407	(277)	(40)
Services expense	14,710	15,898	1,188	8
Other (income) and expense	(5,654)	(1,050)	4,604	—
Selling, general and administrative expenses	44,342	46,707	2,365	5
Provision for credit losses, and write-downs of long-lived assets and securities	9,983	7,169	(2,814)	(28)
Total Segment Expenses	203,075	207,244	4,169	2
Equity in Net income (Loss) of equity method investments and others	1,306	15,079	13,773	—
Segment Profits	¥ 34,451	¥ 51,249	¥ 16,798	49

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases	¥ 547,966	¥ 615,351	¥ 67,385	12
Installment loans	315,128	286,330	(28,798)	(9)
Investment in operating leases	394,764	463,491	68,727	17
Investment in securities	37,768	38,289	521	1
Property under facility operations	1,844	2,028	184	10
Inventories	615	267	(348)	(57)
Advances for finance lease and operating lease	4,833	4,210	(623)	(13)
Equity method investments	260,395	261,415	1,020	0
Advances for property under facility operations	51	0	(51)	—
Goodwill, intangible assets acquired in business combinations	6,986	7,098	112	2
Other assets	155,277	186,798	31,521	20
Total Segment Assets	¥ 1,725,627	¥ 1,865,277	¥ 139,650	8

Revenues, New Business Volumes and Investments

Finance revenues

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues:				
Finance revenues	¥ 328,356	¥ 365,570	¥ 37,214	11

Finance revenues increased 11% to ¥365,570 million for fiscal 2026 compared to fiscal 2025 primarily due to an increase in loan balances and higher interest rates in Japan, as well as higher interest on securities.

Net investment in leases

	As of and for the year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases:				
New equipment acquisitions	¥ 522,223	¥ 527,639	¥ 5,416	1
Japan	210,189	214,873	4,684	2
Overseas	312,034	312,766	732	0
Net investment in leases	1,167,380	1,247,491	80,111	7

New equipment acquisitions related to net investment in leases increased 1% to ¥527,639 million compared to fiscal 2025. In Japan, new equipment acquisitions increased 2% in fiscal 2026 compared to fiscal 2025. In overseas, new equipment acquisitions increased ¥732 million in fiscal 2026 compared to fiscal 2025.

Net investment in leases as of March 31, 2026 increased 7% to ¥1,247,491 million compared to March 31, 2025 primarily due to an increase in overseas assets resulting from foreign exchange effects.

As of March 31, 2026, no single lessee represented more than 1% of the balance of net investment in leases. As of March 31, 2026, 50% of our net investment in leases were to lessees in Japan, while 50% were to overseas lessees. 9% of our net investment in leases were to lessees in Malaysia, 8% of our net investment in leases were to lessees in South Korea and China, and 6% of our net investment in leases were to lessees in Australia. No other overseas country represented 5% or more of our total portfolio of net investment in leases.

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases by category:				
Transportation equipment	¥ 550,810	¥ 610,964	¥ 60,154	11
Industrial equipment	213,939	226,039	12,100	6
Electronics	97,461	90,395	(7,066)	(7)
Information-related and office equipment	123,092	122,243	(849)	(1)
Commercial services equipment	68,995	80,311	11,316	16
Other	113,083	117,539	4,456	4
Total	¥ 1,167,380	¥ 1,247,491	¥ 80,111	7

For further information, see Note 6 of "Item 18. Financial Statements."

Installment loans

	As of and for the year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Installment loans:				
New loans added	¥ 1,510,598	¥ 1,646,521	¥ 135,923	9
Japan	1,165,864	1,152,803	(13,061)	(1)
Overseas	344,734	493,718	148,984	43
Installment loans	4,081,019	4,173,582	92,563	2

Note: The balance of installment loans related to our life insurance operations is included in installment loans in our consolidated balance sheets; however, income and losses on these loans are recorded in life insurance premiums and related investment income in our consolidated statements of income.

New loans added increased 9% to ¥1,646,521 million compared to fiscal 2025. In Japan, new loans added decreased 1% to ¥1,152,803 million compared to fiscal 2025. In overseas, new loans added increased 43% to ¥493,718 million compared to fiscal 2025.

The balance of installment loans as of March 31, 2026 increased 2% to ¥4,173,582 million compared to March 31, 2025, primarily due to new loans originated in Japan, which contributed to the increase in the balance.

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Installment loans:				
Consumer borrowers in Japan				
Real estate loans	¥ 1,901,794	¥ 1,989,371	¥ 87,577	5
Card loans	67,874	64,600	(3,274)	(5)
Other	7,259	5,631	(1,628)	(22)
Subtotal	1,976,927	2,059,602	82,675	4
Corporate borrowers in Japan				
Real estate companies	415,666	461,006	45,340	11
Non-recourse loans	301,477	343,121	41,644	14
Commercial, industrial and other companies	233,270	229,097	(4,173)	(2)
Subtotal	950,413	1,033,224	82,811	9
Consumer borrowers in overseas				
Real estate loans	55,022	38,122	(16,900)	(31)
Other	39,172	39,302	130	0
Subtotal	94,194	77,424	(16,770)	(18)
Corporate borrowers in overseas				
Real estate companies*1	228,793	216,272	(12,521)	(5)
Non-recourse loans	86,724	200,308	113,584	131
Commercial, industrial and other companies	591,103	549,995	(41,108)	(7)
Subtotal	906,620	966,575	59,955	7
Equity method investees	131,476	20,543	(110,933)	(84)
Purchased loans*2	21,389	16,214	(5,175)	(24)
Total	¥ 4,081,019	¥ 4,173,582	¥ 92,563	2

*1 Includes the outstanding balance of loans that were previously sold with a repurchase option and are recorded as assets for accounting purposes in accordance with ASC 860 ("Transfers and Servicing".)

*2 Purchased loans represent loans with evidence of deterioration of credit quality since origination and for which it is probable at acquisition that collection of all contractually required payments from the debtors is unlikely.

As of March 31, 2026, ¥15,191 million, or 0.4%, of our portfolio of installment loans to consumer and corporate borrowers in Japan related to our life insurance operations. We reflect income from these loans as life insurance premiums and related investment income in our consolidated statements of income.

As of March 31, 2026, ¥677,278 million, or 16.2%, of the balance of installment loans were to real estate companies in Japan and overseas.

The balance of installment loans to consumer borrowers in Japan as of March 31, 2026 increased 4% to ¥2,059,602 million compared to the balance as of March 31, 2025, primarily due to an increase in new loans added. The balance of installment loans to corporate borrowers in Japan as of March 31, 2026 increased 9% to ¥1,033,224 million compared to the balance as of March 31, 2025, primarily due to an increase in new loans added in the banking business. The balance of installment loans to consumer borrowers in overseas as of March 31, 2026 decreased 18% to ¥77,424 million compared to the balance as of March 31, 2025, primarily due to a decrease of such loans in Asia. The balance of installment loans to corporate borrowers overseas as of March 31, 2026 increased 7% to ¥966,575 million compared to the balance as of March 31, 2025, primarily due to an increase in the Americas. The balance of installment loans to equity method investees as of March 31, 2026 decreased 84% to ¥20,543 million compared to the balance as of March 31, 2025, primarily due to the termination of loans.

For further information, see Note 7 of "Item 18. Financial Statements."

Asset quality

Net investment in leases

	As of March 31,	
	2025	2026
	(Millions of yen, except percentage data)	
Non-performing net investment in leases and allowance for credit losses on net investment in leases:		
Non-performing net investment in leases	¥21,820	¥27,077
Non-performing net investment in leases as a percentage of the balance of net investment in leases	1.87%	2.17%
Provision for credit losses as a percentage of the average balance of net investment in leases*	0.42%	0.41%
Allowance for credit losses on net investment in leases	¥18,122	¥19,907
Allowance for credit losses on net investment in leases as a percentage of the balance of net investment in leases	1.55%	1.60%
The ratio of charge-offs as a percentage of the average balance of net investment in leases*	0.29%	0.38%

* Average balances are calculated on the basis of fiscal year's beginning balance and fiscal quarter-end balances.

The balance of non-performing net investment in leases increased ¥5,257 million to ¥27,077 million as of March 31, 2026 compared to March 31, 2025. As a result, the non-performing net investment in leases as a percentage of net investment in leases as of March 31, 2026 increased 0.3% to 2.17% from March 31, 2025.

We believe that the ratio of allowance for credit losses to the balance of investment in net investment in leases provides a reasonable indication that our allowance for credit losses was appropriate as of March 31, 2026 for the following reasons:

- lease receivables are generally diversified and the amount of realized loss on any particular contract is likely to be relatively small; and
- all lease contracts are secured by collateral consisting of the underlying leased assets, and we can expect to recover at least a portion of the outstanding lease receivables by selling the collateral.

Loans not individually assessed for credit losses

	As of March 31,	
	2025	2026
	(Millions of yen, except percentage data)	
Non-performing loans not individually assessed for credit losses and allowance for credit losses on installment loans not individually assessed for credit losses:		
Non-performing loans not individually assessed for credit losses	¥30,214	¥18,276
Non-performing loans not individually assessed for credit losses as a percentage of the balance of installment loans not individually assessed for credit losses	0.76%	0.45%
Provision for credit losses as a percentage of the average balance of installment loans not individually assessed for credit losses*	0.03%	0.07%
Allowance for credit losses on installment loans not individually assessed for credit losses	¥21,355	¥21,585
Allowance for credit losses on installment loans not individually assessed for credit losses as a percentage of the balance of installment loans not individually assessed for credit losses	0.54%	0.54%
The ratio of charge-offs as a percentage of the average balance of loans not individually assessed for credit losses*	0.07%	0.07%

Note: The table above excludes the outstanding balance of loans that were previously sold with a repurchase option and are recorded as assets for accounting purposes in accordance with ASC 860 (“Transfers and Servicing”).

* Average balances are calculated on the basis of fiscal year’s beginning balance and fiscal quarter-end balances.

The provision for credit losses as a percentage of the average balance of installment loans not individually assessed for credit losses increased 0.04% compared to fiscal 2025, primarily due to the impact of the reversal of allowance recorded in the prior fiscal year and increased provision for credit losses in the Americas during the current fiscal year.

The balance of non-performing loans not individually assessed that are estimated for credit losses by using installment loans with similar risk characteristics as one pool decreased ¥11,938 million to ¥18,276 million as of March 31, 2026 compared to March 31, 2025.

	As of March 31,	
	2025	2026
	(Millions of yen)	
Non-performing loans not individually assessed for credit losses:		
Consumer borrowers in Japan		
Real estate loans	¥ 987	¥ 0
Subtotal	987	0
Corporate borrowers in Japan		
Real estate companies	8	19
Commercial, industrial and other companies	178	165
Subtotal	186	184
Consumer borrowers in overseas		
Real estate loans	308	257
Other	452	462
Subtotal	760	719
Corporate borrowers in overseas		
Real estate companies	648	94
Non-recourse loans	2,183	3,908
Commercial, industrial and other companies	25,450	13,371
Subtotal	28,281	17,373
Total	¥30,214	¥18,276

Note: The table above excludes the outstanding balance of loans that were previously sold with a repurchase option and are recorded as assets for accounting purposes in accordance with ASC 860 ("Transfers and Servicing").

We recognize allowances for real estate loans and other loans to individual borrowers after careful evaluation of the value of collateral underlying the loans, past loss experience and any economic conditions that we believe may affect the default rate. We determine the allowance for our other items on the basis of past loss experience, the forecasted future economic indicators correlated with the prior charge-off experience and the current portfolio composition.

Loans individually assessed for credit losses

	As of March 31,	
	2025	2026
	(Millions of yen)	
Non-performing loans individually assessed for credit losses and allowance for credit losses on installment loans individually assessed for credit losses:		
Non-performing installment loans individually assessed for credit losses	¥62,433	¥67,498
Allowance for credit losses on installment loans individually assessed for credit losses*	16,393	26,422

* The allowance is individually evaluated based on the present value of expected future cash flows, the loan's observable market price or the fair value of the collateral securing the loans if the loans are collateral dependent.

The provision for credit losses on installment loans individually assessed for credit losses was ¥6,962 million and ¥15,470 million, respectively, in fiscal 2025 and fiscal 2026. The charge-off of installment loans individually assessed for credit losses was ¥4,718 million and ¥6,518 million, respectively, in fiscal 2025 and fiscal 2026. The provision for credit losses on installment loans individually assessed for credit losses increased ¥8,508 million compared to fiscal 2025. The provision for credit losses on loans individually assessed increased mainly in the Americas. The charge-off of installment loans individually assessed for credit losses increased ¥1,800 million compared to fiscal 2025.

The table below sets forth the outstanding balance of non-performing loans individually assessed for credit losses by region and type of borrower as of the dates indicated. Consumer loans in Japan primarily consist of restructured smaller-balance homogeneous loans individually assessed for credit losses.

	As of March 31,	
	2025	2026
	(Millions of yen)	
Non-performing loans individually assessed for credit losses:		
Consumer borrowers in Japan		
Real estate loans	¥10,353	¥10,348
Other	86	0
Subtotal	10,439	10,348
Corporate borrowers in Japan		
Real estate companies	549	535
Commercial, industrial and other companies	598	573
Subtotal	1,147	1,108
Consumer borrowers in overseas		
Real estate loans	5,368	11,207
Other	1,884	724
Subtotal	7,252	11,931
Corporate borrowers in overseas		
Real estate companies	2,769	2,087
Non-recourse loans	1,648	8,098
Commercial, industrial and other companies	36,569	33,699
Subtotal	40,986	43,884
Loans to Equity method investees	1,345	0
Purchased loans	1,264	227
Total	¥62,433	¥67,498

For further information, see Note 8 of “Item 18. Financial Statements.”

Allowance for credit losses

We recognize allowances for credit losses on net investment in leases and installment loans.

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Allowance for credit losses:				
Beginning balance	¥ 57,090	¥ 55,870	¥ (1,220)	(2)
Net investment in leases	16,780	18,122	1,342	8
Loans not individually assessed for credit losses	25,975	21,355	(4,620)	(18)
Loans individually assessed for credit losses	14,335	16,393	2,058	14
Provision (Reversal) *1	13,074	23,292	10,218	78
Net investment in leases	4,934	4,933	(1)	(0)
Loans not individually assessed for credit losses	1,178	2,889	1,711	145
Loans individually assessed for credit losses	6,962	15,470	8,508	122
Charge-offs (net)	(10,823)	(13,908)	(3,085)	29
Net investment in leases	(3,414)	(4,573)	(1,159)	34
Loans not individually assessed for credit losses	(2,691)	(2,817)	(126)	5
Loans individually assessed for credit losses	(4,718)	(6,518)	(1,800)	38
Other *2	(3,471)	9,458	12,929	—
Net investment in leases	(178)	1,425	1,603	—
Loans not individually assessed for credit losses	(3,107)	158	3,265	—
Loans individually assessed for credit losses	(186)	7,875	8,061	—
Ending balance	55,870	74,712	18,842	34
Net investment in leases	18,122	19,907	1,785	10
Loans not individually assessed for credit losses	21,355	21,585	230	1
Loans individually assessed for credit losses	16,393	33,220	16,827	103

*1 "Provision for credit losses" in the consolidated statements of income amounted to ¥18,723 million and ¥34,017 million for fiscal 2025 and 2026, respectively, and the amounts include provision for credit losses on other than net investment in leases and installment loans.

*2 "Other" mainly includes foreign currency translation adjustments and increases or decreases in allowance due to consolidation or deconsolidation of subsidiaries.

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Provision for credit losses:				
Net investment in leases	¥ 4,934	¥ 4,933	¥ (1)	(0)
Loans not individually assessed for credit losses	1,178	2,889	1,711	145
Loans individually assessed for credit losses	6,962	15,470	8,508	122
Subtotal	13,074	23,292	10,218	78
Off-balance sheet credit exposures	5,297	7,211	1,914	36
Available-for-sale debt securities	173	2,032	1,859	1,075
Other financial assets measured at amortized cost	179	1,482	1,303	728
Total	¥ 18,723	¥ 34,017	¥ 15,294	82

The provision on installment loans not individually assessed for credit losses were ¥1,178 million and ¥2,889 million in fiscal 2025 and 2026, respectively. The provision for credit losses on loans not individually assessed in fiscal 2026 increased compared to fiscal 2025 primarily due to an increase in asset balance and the impact of the reversal of allowance recorded in the prior fiscal year in the Americas.

The provision on installment loans individually assessed for credit losses were ¥6,962 million and ¥15,470 million in fiscal 2025 and 2026, respectively. The provision for credit losses on loans individually assessed increased mainly in the Americas.

The provision for credit losses on off-balance sheet credit exposures were ¥5,297 million and ¥7,211 million in fiscal 2025 and fiscal 2026, respectively, mainly due to the deterioration in macroeconomic forecasts in certain markets and increases in exposure in the Americas.

For further information, see Note 8 of "Item 18. Financial Statements." In addition, for further information about allowance for off-balance sheet credit exposures and allowance for credit losses on available-for-sale debt securities, see Note 31 and 9 of "Item 18. Financial Statements."

Investment in Securities

	As of and for the year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Investment in securities:				
New securities added	¥ 777,170	¥ 745,123	¥ (32,047)	(4)
Japan	621,839	629,270	7,431	1
Overseas	155,331	115,853	(39,478)	(25)
Investment in securities	3,234,547	3,308,829	74,282	2

Note: The balance of investment in securities related to our life insurance operations is included in investment in securities in our consolidated balance sheets; however, income and losses on investment in securities are recorded in life insurance premiums and related investment income in our consolidated statements of income.

New securities added decreased 4% to ¥745,123 million in fiscal 2026 compared to fiscal 2025. New securities added in Japan increased 1% in fiscal 2026 compared to fiscal 2025 primarily due to an increase in investments in corporate debt securities. New securities added overseas decreased 25% in fiscal 2026 compared to fiscal 2025 primarily due to a decrease in CMBS and RMBS in the Americas and other asset-backed securities and debt securities.

The balance of our investment in securities as of March 31, 2026 increased 2% to ¥3,308,829 million compared to March 31, 2025.

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Investment in securities by security type:				
Equity securities	¥ 626,910	¥ 782,413	¥ 155,503	25
Available-for-sale debt securities	2,607,637	2,526,416	(81,221)	(3)
Total	¥ 3,234,547	¥ 3,308,829	¥ 74,282	2

Investments in equity securities as of March 31, 2026 increased 25% to ¥782,413 million compared to March 31, 2025 primarily due to the transfer to equity securities from the sale of equity-method investments and increases in fund investments. Investments in available-for-sale debt securities as of March 31, 2026 decreased 3% to ¥2,526,416 million compared to March 31, 2025 primarily due to increases in unrealized losses on government bonds and sales of Japanese prefectural and foreign municipal bonds and corporate debt securities, partially offset by an increase in investments in corporate debt securities.

For further information, see Note 9 of "Item 18. Financial Statements."

Gains on investment securities and dividends

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Gains on investment securities and dividends:				
Net gains on investment securities	¥ 11,825	¥ 127,024	¥ 115,199	974
Dividends income	2,499	1,924	(575)	(23)
Total	¥ 14,324	¥ 128,948	¥ 114,624	800

Notes: 1. Income and losses on investment in securities related to our life insurance operations are recorded in life insurance premiums and related investment income in our consolidated statements of income.
2. Unrealized changes in fair value of investments in equity securities have been included in "Net gains on investment securities".

Net gains on investment securities increased 974% to ¥127,024 million in fiscal 2026 compared to fiscal 2025 primarily due to an increase in gains on net unrealized holding gains (losses) on fund investments at our U.S. subsidiary and unrealized gains on equity securities. Dividends income decreased 23% to ¥1,924 million in fiscal 2026 compared to fiscal 2025. Due to the above results, gains on investment securities and dividends increased 800% to ¥128,948 million in fiscal 2026 compared to fiscal 2025.

As of March 31, 2026, gross unrealized gains on available-for-sale debt securities, including those held in connection with our life insurance operations, were ¥37,254 million, compared to ¥25,470 million as of March 31, 2025. As of March 31, 2026, gross unrealized losses on available-for-sale debt securities, including those held in connection with our life insurance operations, were ¥910,471 million, compared to ¥591,199 million as of March 31, 2025.

Operating leases

	As of and for the year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Operating leases:				
Operating lease revenues	¥ 624,444	¥ 641,185	¥ 16,741	3
Costs of operating leases	394,821	411,939	17,118	4
New equipment acquisitions	758,837	739,416	(19,421)	(3)
Japan	316,726	426,604	109,878	35
Overseas	442,111	312,812	(129,299)	(29)
Investment in operating leases	1,967,178	2,152,820	185,642	9

Revenues from operating leases in fiscal 2026 increased 3% to ¥641,185 million compared to fiscal 2025 primarily due to an increase in revenues from leases in the measuring and information-related equipment rental business. In fiscal 2025 and 2026, gains from the disposition of operating lease assets were ¥76,633 million and ¥70,115 million, respectively.

Costs of operating leases increased 4% to ¥411,939 million in fiscal 2026 compared to fiscal 2025 primarily due to an increase in depreciation expenses resulting from an increase in investments in the measuring and information-related equipment rental business.

New equipment acquisitions related to operating leases decreased 3% to ¥739,416 million in fiscal 2026 compared to fiscal 2025 primarily due to a decrease in investments in the aircraft leasing business and investments in the ship leasing business, despite an increase in investments in the measuring and information-related equipment rental business and automobile leasing business.

Investment in operating leases as of March 31, 2026 increased 9% to ¥2,152,820 million compared to March 31, 2025 primarily due to an increase in investments in the measuring and information-related equipment rental business and investments in the real estate leasing business.

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Investment in operating leases by category:				
Transportation equipment	¥ 1,292,630	¥ 1,332,029	¥ 39,399	3
Measuring and information-related equipment	194,798	246,583	51,785	27
Real estate	309,810	403,421	93,611	30
Other	51,667	58,740	7,073	14
Right-of-use assets	73,518	69,030	(4,488)	(6)
Accrued rental receivables	46,248	44,415	(1,833)	(4)
Allowance for doubtful receivables on operating leases	(1,493)	(1,398)	95	—
Total	¥ 1,967,178	¥ 2,152,820	¥ 185,642	9

Investment in transportation equipment operating leases as of March 31, 2026 increased 3% to ¥1,332,029 million compared to March 31, 2025 primarily due to an increase in investments in the automobile leasing business. Investment in measuring and information-related equipment operating leases as of March 31, 2026 increased 27% to ¥246,583 million compared to March 31, 2025 primarily due to an increase in investments in the rental business. Investment in real estate operating leases as of March 31, 2026 increased 30% to ¥403,421 million compared to March 31, 2025 primarily due to an increase in investments in real estate under operating leases in Japan. Investment in other operating leases as of March 31, 2026 increased 14% to ¥58,740 million compared to March 31, 2025 primarily due to an increase in investments in the rental business.

For further information, see Note 6 of "Item 18. Financial Statements."

Life insurance

We reflect all income and losses (other than provision for credit losses) that we recognize on securities and investment in partnerships and other investments, installment loans, real estate under operating leases and other investments held in connection with our life insurance operations as life insurance premiums and related investment income in our consolidated statements of income.

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Life insurance premiums and related investment income and life insurance costs:				
Life insurance premiums	¥ 481,432	¥ 506,120	¥ 24,688	5
Life insurance-related investment income	33,827	134,039	100,212	296
Total	¥ 515,259	¥ 640,159	¥ 124,900	24
Life insurance costs	¥ 384,753	¥ 479,937	¥ 95,184	25

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Breakdown of life insurance-related investment income (loss):				
Net income on investment securities and investment in partnerships and other investments	¥ 30,574	¥ 115,906	¥ 85,332	279
Gains and losses recognized in income on derivative	(3,263)	6,898	10,161	—
Interest on loans, income on real estate under operating leases, and others	6,516	11,235	4,719	72
Total	¥ 33,827	¥ 134,039	¥ 100,212	296

Life insurance premiums and related investment income increased 24% to ¥640,159 million in fiscal 2026 compared to fiscal 2025.

Life insurance premiums increased 5% to ¥506,120 million in fiscal 2026 compared to fiscal 2025 primarily due to an increase in annualized net premiums from new policies and others.

Life insurance-related investment income increased 296% to ¥134,039 million in fiscal 2026 compared to fiscal 2025. Net income on investment securities and investment in partnerships and other investments increased mainly due to higher investment income caused by the significant market improvement in fiscal 2026.

Life insurance costs increased 25% to ¥479,937 million in fiscal 2026 compared to fiscal 2025 primarily due to an increase in a provision of liability reserve.

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Investments by life insurance operations:				
Equity securities and Investment in partnerships and other investments	¥ 314,049	¥ 381,096	¥ 67,047	21
Available-for-sale debt securities	1,956,269	1,953,022	(3,247)	(0)
Subtotal	2,270,318	2,334,118	63,800	3
Installment loans, real estate under operating leases and other investments	38,971	40,646	1,675	4
Total	¥ 2,309,289	¥ 2,374,764	¥ 65,475	3

Investment in securities as of March 31, 2026 increased to ¥2,334,118 million compared to March 31, 2025.

For further information, see Note 23 and Note 24 of “Item 18. Financial Statements.”

Sales of goods and real estate, Inventories

	Year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Sales of goods and real estate, Inventories:				
Sales of goods and real estate	¥ 373,155	¥ 442,586	¥ 69,431	19
Costs of goods and real estate sold	271,833	331,988	60,155	22
New real estate added	89,632	134,810	45,178	50
Inventories	229,229	269,187	39,958	17

Sales of goods and real estate increased 19% to ¥442,586 million compared to fiscal 2025 primarily due to an increase in sales of goods.

Costs of goods and real estate sold increased 22% to ¥331,988 million compared to fiscal 2025, primarily due to an increase in costs of goods sold. Costs of goods and real estate sold include the upfront costs associated with advertising and creating model rooms.

New real estate added increased 50% to ¥134,810 million in fiscal 2026 compared to fiscal 2025.

Inventories as of March 31, 2026 increased 17% to ¥269,187 million compared to March 31, 2025, primarily due to an increase in residential condominiums.

For further information, see Note 4 of "Item 18. Financial Statements."

Services, Property under Facility Operations

	As of and for the year ended March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Services, Property under Facility Operations				
Services income	¥ 1,019,283	¥ 1,112,383	¥ 93,100	9
Services expense	604,145	634,329	30,184	5
New assets added	44,236	33,273	(10,963)	(25)
Japan	38,202	12,161	(26,041)	(68)
Overseas	6,034	21,112	15,078	250
Property under Facility Operations	771,851	779,075	7,224	1

Services income increased 9% to ¥1,112,383 million in fiscal 2026 compared to fiscal 2025 primarily due to an increase in income related to the asset management and facilities operation business.

Services expense increased 5% to ¥634,329 million in fiscal 2026 compared to fiscal 2025 primarily due to an increase in expenses related to the facilities operation business.

New assets added for property under facility operations decreased 25% to ¥33,273 million in fiscal 2026 compared to fiscal 2025 primarily due to a decrease in investments in domestic facilities operation business.

Property under facility operations as of March 31, 2026 increased 1% to ¥779,075 million compared to March 31, 2025 primarily due to investments in electric power facilities overseas.

For further information, see Note 4 of "Item 18. Financial Statements."

Expenses

Interest expense

Interest expense increased 15% to ¥193,889 million in fiscal 2026 compared to ¥169,051 million in fiscal 2025. Our total outstanding short-term debt, long-term debt and deposits as of March 31, 2026 increased 5% to ¥9,163,550 million compared to ¥8,732,610 million as of March 31, 2025.

The average interest rate on our short-term debt, long-term debt and deposits in domestic currency, calculated on the basis of average monthly balances, increased 0.4% to 0.9% in fiscal 2026 compared to 0.5% in

fiscal 2025. The average interest rate on our short-term debt, long-term debt and deposits in foreign currency, calculated on the basis of average monthly balances, decreased 0.4% to 4.7% in fiscal 2026 compared to 5.1% in fiscal 2025. For more information regarding our interest rate risk, see "Item 3. Key Information—Risk Factors." For more information regarding our outstanding debt, see "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Short-term and long-term debt and deposits."

Other (income) and expense

Other (income) and expense was a net expense of ¥58,803 million during fiscal 2026 compared to a net expense of ¥27,128 million during fiscal 2025. In other (income) and expense, we recognized foreign currency transaction gains of ¥5,289 million during fiscal 2026 compared to foreign currency transaction losses of ¥3,518 million during fiscal 2025, and we recognized impairment losses on goodwill and other intangible assets of ¥57,722 million during fiscal 2026 compared to impairment losses on goodwill and other intangible assets of ¥14,295 million during fiscal 2025. For further information on our goodwill and other intangible assets, see Note 13 of "Item 18. Financial Statements."

Selling, general and administrative expenses

Selling, general and administrative expenses increased 10% to ¥711,775 million in fiscal 2026 compared to ¥646,054 million in fiscal 2025.

Employee salaries and other personnel expenses accounted for 59% of selling, general and administrative expenses in fiscal 2026, and the remaining portion consists of selling expenses and other administrative expenses, such as IT-related expenses and advertising expenses.

Write-downs of long-lived assets

As a result of impairment reviews we performed in fiscal 2026 for long-lived assets in Japan and overseas, such as office buildings, commercial facilities other than office buildings, condominiums, hotels, and land undeveloped or under construction, write-downs of long-lived assets decreased by ¥9,691 million to ¥16,242 million in fiscal 2026 compared to ¥25,933 million in fiscal 2025. These write-downs, which are reflected as write-downs of long-lived assets, consisted of impairment losses of ¥696 million on 2 commercial facilities other than office buildings, ¥43 million on 8 condominiums and ¥15,503 million on other long-lived assets, because the assets were classified as held for sale or the carrying amount exceeded the estimated undiscounted future cash flows. For further information, see Note 25 of "Item 18. Financial Statements."

Write-downs of securities

Write-downs of securities in fiscal 2026 were mainly in connection with non-marketable equity securities and foreign available-for-sale debt securities. Write-downs of securities increased to ¥1,664 million in fiscal 2026 compared to ¥554 million in fiscal 2025. For further information, see Note 9 of "Item 18. Financial Statements."

Equity in net income (loss) of equity method investments

Equity in net income (loss) of equity method investments increased in fiscal 2026 to ¥123,872 million compared to ¥57,182 million in fiscal 2025 primarily due to increases in equity in net income (loss) of equity method investments from domestic partnerships, real estate-related investees. For further information, see Note 12 of "Item 18. Financial Statements."

Gains on sales of subsidiaries and equity method investments and liquidation losses, net

Gains on sales of subsidiaries and equity method investments and liquidation losses, net increased to ¥111,311 million in fiscal 2026 compared to ¥87,705 million in fiscal 2025, mainly due to the recognition of a gain of ¥83,135 million on the sale of shares of Greenko Energy Holdings, an equity-method affiliate. For further information, see Note 3 of "Item 18. Financial Statements."

Bargain Purchase Gain

In fiscal 2026, we recognized no bargain purchase gain compared to bargain purchase gains of ¥3,750 million associated with one of the acquisitions executed in fiscal 2025. For further information, see Note 3 of "Item 18. Financial Statements."

Provision for income taxes

Provision for income taxes increased to ¥233,103 million in fiscal 2026 compared to ¥128,828 million in fiscal 2025 primarily due to an increase in income before income taxes. For further information, see Note 16 of "Item 18. Financial Statements."

Net income (loss) attributable to the noncontrolling interests

Net income (loss) attributable to the noncontrolling interests was recorded as a result of the noncontrolling interests in earnings of certain of our subsidiaries. Net loss attributable to the noncontrolling interests in fiscal 2025 was ¥389 million. Net income attributable to the noncontrolling interests in fiscal 2026 was ¥11,821 million.

Net income (loss) attributable to the redeemable noncontrolling interests

Net income (loss) attributable to the redeemable noncontrolling interests was recorded as a result of the noncontrolling interests in the earnings of our subsidiaries that issued redeemable interests. Net income attributable to the redeemable noncontrolling interests in fiscal 2025 was ¥394 million. Net loss attributable to the redeemable noncontrolling interests in fiscal 2026 was ¥758 million. For further information, see Note 18 of "Item 18. Financial Statements."

YEAR ENDED MARCH 31, 2025 COMPARED TO YEAR ENDED MARCH 31, 2024

Performance Summary

Financial Results

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except ratios, per Share data and percentages)			
Total revenues	¥ 2,814,361	¥2,874,821	¥ 60,460	2
Total expenses	2,453,648	2,542,995	89,347	4
Income before Income Taxes	469,975	480,463	10,488	2
Net Income Attributable to ORIX Corporation Shareholders	346,132	351,630	5,498	2
Earnings per Share (Basic)	298.55	307.74	9.19	3
(Diluted)	298.05	307.16	9.11	3
ROE*1	9.2	8.8	(0.4)	—
ROA*2	2.19	2.12	(0.07)	—

*1 ROE is the ratio of Net Income Attributable to ORIX Corporation Shareholders for the period to average ORIX Corporation Shareholders' Equity based on fiscal year beginning and ending balances.

*2 ROA is the ratio of Net Income Attributable to ORIX Corporation Shareholders for the period to average Total Assets based on fiscal year beginning and ending balances.

Total revenues for fiscal 2025 increased 2% to ¥2,874,821 million compared to fiscal 2024 primarily due to increases in operating leases revenues and services income, partially offset by decreases in finance revenues, gains on investment securities and dividends and life insurance premiums and related investment income.

Total expenses for fiscal 2025 increased 4% to ¥2,542,995 million compared to fiscal 2024 primarily due to increases in costs of operating leases, services expense, other expense and write-downs of long-lived assets, partially offset by decreases in interest expense and life insurance costs.

Equity in net income of equity method investments for fiscal 2025 increased 55% to ¥57,182 million compared to fiscal 2024 and gains on sales of subsidiaries and equity method investments and liquidation losses, net for fiscal 2025 increased 21% to ¥87,705 million compared to fiscal 2024.

Due to the above results, income before income taxes for fiscal 2025 increased 2% to ¥480,463 million compared to fiscal 2024 and net income attributable to ORIX Corporation shareholders increased 2% to ¥351,630 million compared to fiscal 2024.

Balance Sheet data

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen except ratios, per share and percentages)			
Total Assets	¥16,322,100	¥16,866,251	¥544,151	3
(Segment assets *1)	16,022,129	16,456,627	434,498	3
Total Liabilities	12,297,490	12,691,036	393,546	3
(Short-term and Long-term debt)	6,200,471	6,282,798	82,327	1
(Deposits)	2,245,835	2,449,812	203,977	9
ORIX Corporation Shareholders' Equity	3,941,466	4,089,782	148,316	4
ORIX Corporation Shareholders' Equity per share	3,422.94	3,599.24	176.30	5
ORIX Corporation Shareholders' Equity ratio *2	24.1 %	24.2 %	0.1 %	—
D/E ratio (Debt-to-equity ratio) (Short-term and Long-term debt (excluding deposits) / ORIX Corporation Shareholders' Equity)	1.6 x	1.5 x	(0.1)x	—

*1 Since April 1, 2024, the scope of segment assets was changed to include cash and cash equivalents, trade notes, accounts and other receivable, and others. As a result, segment data as of the end of fiscal 2024 have been retrospectively reclassified.

*2 ORIX Corporation Shareholders' Equity ratio is the ratio as of the period end of ORIX Corporation Shareholder's Equity to total assets.

Total assets increased 3% to ¥16,866,251 million compared to the balance as of March 31, 2024 primarily due to increases in cash and cash equivalents, installment loans and other assets (mainly reinsurance recoverables), partially offset by decreases in restricted cash and office facilities. In addition, segment assets increased 3% to ¥16,456,627 million compared to the balance as of March 31, 2024.

Total liabilities increased 3% to ¥12,691,036 million compared to the balance as of March 31, 2024 primarily due to increases in deposits and long-term debt.

Shareholders' equity increased 4% to ¥4,089,782 million compared to the balance as of March 31, 2024.

Details of Operating Results

The following is a discussion of certain items in the consolidated statements of income, operating assets in the consolidated balance sheets and other selected financial information, including on a segment by segment basis.

Segment Information

Our operating segments used by the chief operating decision maker to make decisions about resource allocations and assess performance are organized into ten segments based on our business management organization which is classified by the nature of major products and services, customer base, regulations, and business areas. The ten segments are Corporate Financial Services and Maintenance Leasing, Real Estate, PE Investment and Concession, Environment and Energy, Insurance, Banking and Credit, Aircraft and Ships, ORIX USA, ORIX Europe, and Asia and Australia.

Financial information about the operating segments reported below is that which is available by segment and regularly reviewed by the chief operating decision maker to make decisions about resource allocations and assess performance. The chief operating decision maker evaluates segment performance based on the amount equivalent to income before income taxes attributable to ORIX Corporation shareholders. Therefore, net income attributable to noncontrolling interests, net income attributable to redeemable noncontrolling interests, and income tax expenses are not included in segment profit or loss.

Since April 1, 2024, the interest expense allocation method for each segment was changed to include a part of interest expense in corporate profits (losses) in the reconciliation of segment profits to the condensed consolidated financial statement amounts. As a result, segment data for fiscal 2024 has been retrospectively reclassified.

Since April 1, 2024, the scope of segment assets was changed to include cash and cash equivalents, trade notes, accounts and other receivable, and others. As a result, segment data as of the end of fiscal 2024 has been retrospectively reclassified.

For a description of the business activities of our segments, see "Item 4. Information on the Company—Business Segments." See Note 32 of "Item 18. Financial Statements" for additional segment information, a discussion of how we prepare our segment information and the reconciliation of segment totals to consolidated financial statement amounts.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Segment Revenues:				
Corporate Financial Services and Maintenance Leasing	¥ 444,959	¥ 460,699	¥ 15,740	4
Real Estate	471,692	497,780	26,088	6
PE Investment and Concession	379,168	377,931	(1,237)	(0)
Environment and Energy	165,598	186,021	20,423	12
Insurance	563,869	518,363	(45,506)	(8)
Banking and Credit	88,574	63,304	(25,270)	(29)
Aircraft and Ships	65,191	119,592	54,401	83
ORIX USA	173,426	154,228	(19,198)	(11)
ORIX Europe	227,151	257,267	30,116	13
Asia and Australia	225,293	236,220	10,927	5
Segment Total	2,804,921	2,871,405	66,484	2
Difference between Segment Total and Consolidated Amounts	9,440	3,416	(6,024)	(64)
Consolidated Amounts	¥ 2,814,361	¥ 2,874,821	¥ 60,460	2

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Segment Profits:				
Corporate Financial Services and Maintenance Leasing	¥ 83,244	¥ 90,329	¥ 7,085	9
Real Estate	67,055	70,541	3,486	5
PE Investment and Concession	43,967	98,872	54,905	125
Environment and Energy	38,072	(4,923)	(42,995)	—
Insurance	70,826	74,399	3,573	5
Banking and Credit	97,353	29,291	(68,062)	(70)
Aircraft and Ships	44,366	67,420	23,054	52
ORIX USA	27,931	39,915	11,984	43
ORIX Europe	41,638	44,373	2,735	7
Asia and Australia	47,069	34,451	(12,618)	(27)
Segment Total	561,521	544,668	(16,853)	(3)
Difference between Segment Total and Consolidated Amounts	(91,546)	(64,205)	27,341	—
Consolidated Amounts	¥ 469,975	¥ 480,463	¥ 10,488	2

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Segment Assets:				
Corporate Financial Services and Maintenance Leasing	¥ 1,777,320	¥ 1,884,565	¥ 107,245	6
Real Estate	1,110,087	1,158,293	48,206	4
PE Investment and Concession	1,066,647	1,022,944	(43,703)	(4)
Environment and Energy	976,434	1,016,175	39,741	4
Insurance	2,921,927	3,009,234	87,307	3
Banking and Credit	2,934,217	3,144,571	210,354	7
Aircraft and Ships	1,169,641	1,231,973	62,332	5
ORIX USA	1,694,484	1,593,939	(100,545)	(6)
ORIX Europe	662,139	669,306	7,167	1
Asia and Australia	1,709,233	1,725,627	16,394	1
Segment Total	16,022,129	16,456,627	434,498	3
Difference between Segment Total and Consolidated Amounts	299,971	409,624	109,653	37
Consolidated Amounts	¥ 16,322,100	¥ 16,866,251	¥ 544,151	3

Corporate Financial Services and Maintenance Leasing

Segment profits increased 9% to ¥90,329 million compared to fiscal 2024 primarily due to increases in gains on sales of subsidiaries and equity method investments and operating leases revenues.

Segment assets increased 6% to ¥1,884,565 million compared to the end of fiscal 2024 primarily due to increases in installment loans and investment in operating leases.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 61,428	¥ 63,271	¥ 1,843	3
Gains on investment securities and dividends	2,626	2,647	21	1
Operating leases	266,871	282,433	15,562	6
Sales of goods and real estate	3,934	4,202	268	7
Services income	110,100	108,146	(1,954)	(2)
Total Segment Revenues	444,959	460,699	15,740	4
Interest expense	5,418	7,306	1,888	35
Costs of operating leases	192,850	201,286	8,436	4
Costs of goods and real estate sold	3,234	3,335	101	3
Services expense	58,896	57,372	(1,524)	(3)
Other (income) and expense	14,896	18,305	3,409	23
Selling, general and administrative expenses	88,621	89,599	978	1
Provision for credit losses, and write-downs of long-lived assets and securities	960	2,199	1,239	129
Total Segment Expenses	364,875	379,402	14,527	4
Equity in Net income (Loss) of equity method investments and others	3,160	9,032	5,872	186
Segment Profits	¥ 83,244	¥ 90,329	¥ 7,085	9

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases	¥ 567,735	¥ 569,380	¥ 1,645	0
Installment loans	346,840	424,370	77,530	22
Investment in operating leases	535,655	557,625	21,970	4
Investment in securities	36,683	29,690	(6,993)	(19)
Property under facility operations	17,404	43,857	26,453	152
Inventories	928	433	(495)	(53)
Advances for finance lease and operating lease	3,400	6,177	2,777	82
Equity method investments	14,984	16,375	1,391	9
Advances for property under facility operations	0	143	143	—
Goodwill, intangible assets acquired in business combinations	28,693	25,268	(3,425)	(12)
Other assets	224,998	211,247	(13,751)	(6)
Total Segment Assets	¥ 1,777,320	¥ 1,884,565	¥ 107,245	6

Real Estate

Segment profits increased 5% to ¥70,541 million compared to fiscal 2024 primarily due to an increase in operating leases revenues, partially offset by a decrease in equity in net income (loss) of equity method investments.

Segment assets increased 4% to ¥1,158,293 million compared to the end of fiscal 2024 due to increases in equity method investments and trade notes, accounts and other receivable.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 6,134	¥ 4,860	¥ (1,274)	(21)
Gains on investment securities and dividends	857	1,282	425	50
Operating leases	50,205	61,321	11,116	22
Sales of goods and real estate	111,013	107,859	(3,154)	(3)
Services income	303,483	322,458	18,975	6
Total Segment Revenues	471,692	497,780	26,088	6
Interest expense	3,016	2,616	(400)	(13)
Costs of operating leases	24,972	24,167	(805)	(3)
Costs of goods and real estate sold	90,931	89,593	(1,338)	(1)
Services expense	248,195	264,952	16,757	7
Other (income) and expense	722	1,664	942	130
Selling, general and administrative expenses	41,542	43,405	1,863	4
Provision for credit losses, and write-downs of long-lived assets and securities	1,285	3,098	1,813	141
Total Segment Expenses	410,663	429,495	18,832	5
Equity in Net income (Loss) of equity method investments and others	6,026	2,256	(3,770)	(63)
Segment Profits	¥ 67,055	¥ 70,541	¥ 3,486	5

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases	¥ 51,978	¥ 45,810	¥ (6,168)	(12)
Installment loans	52	30	(22)	(42)
Investment in operating leases	278,191	311,377	33,186	12
Investment in securities	4,036	6,209	2,173	54
Property under facility operations	165,387	175,153	9,766	6
Inventories	174,990	182,652	7,662	4
Advances for finance lease and operating lease	114,649	78,044	(36,605)	(32)
Equity method investments	143,751	177,956	34,205	24
Advances for property under facility operations	8,183	7,401	(782)	(10)
Goodwill, intangible assets acquired in business combinations	52,898	50,801	(2,097)	(4)
Other assets	115,972	122,860	6,888	6
Total Segment Assets	¥ 1,110,087	¥ 1,158,293	¥ 48,206	4

PE Investment and Concession

Segment profits increased 125% to ¥98,872 million compared to fiscal 2024 primarily due to increases in equity in net income (loss) of equity method investments and gains on sales of subsidiaries and equity method investments resulting from the sale of investees.

Segment assets decreased 4% to ¥1,022,944 million compared to the end of fiscal 2024 primarily due to decreases in investment in securities and goodwill, intangible assets acquired in business combinations, partially offset by an increase in equity method investments.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 6,679	¥ 12,140	¥ 5,461	82
Gains on investment securities and dividends	1,207	851	(356)	(29)
Operating leases	41,529	42,698	1,169	3
Sales of goods and real estate	249,085	252,969	3,884	2
Services income	80,668	69,273	(11,395)	(14)
Total Segment Revenues	379,168	377,931	(1,237)	(0)
Interest expense	2,978	3,833	855	29
Costs of operating leases	26,244	26,389	145	1
Costs of goods and real estate sold	168,404	173,652	5,248	3
Services expense	58,677	48,890	(9,787)	(17)
Other (income) and expense	(2,330)	10,622	12,952	—
Selling, general and administrative expenses	89,864	88,370	(1,494)	(2)
Provision for credit losses, and write-downs of long-lived assets and securities	366	1,743	1,377	376
Total Segment Expenses	344,203	353,499	9,296	3
Equity in Net income (Loss) of equity method investments and others	9,002	74,440	65,438	727
Segment Profits	¥ 43,967	¥ 98,872	¥ 54,905	125

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases	¥ 1,238	¥ 1,640	¥ 402	32
Installment loans	115,629	124,411	8,782	8
Investment in operating leases	56,286	46,796	(9,490)	(17)
Investment in securities	36,729	6,117	(30,612)	(83)
Property under facility operations	41,416	53,832	12,416	30
Inventories	47,553	41,021	(6,532)	(14)
Advances for finance lease and operating lease	5	3	(2)	(40)
Equity method investments	118,310	148,274	29,964	25
Advances for property under facility operations	4,466	728	(3,738)	(84)
Goodwill, intangible assets acquired in business combinations	351,202	331,003	(20,199)	(6)
Other assets	293,813	269,119	(24,694)	(8)
Total Segment Assets	¥ 1,066,647	¥ 1,022,944	¥ (43,703)	(4)

Environment and Energy

Segment profits decreased by ¥42,995 million to segment losses of ¥4,923 million compared to fiscal 2024 primarily due to an increase in write-downs of long-lived assets and a decrease in equity in net income (loss) of equity method investments and an increase in service expense, partially offset by an increase in gains on sales of subsidiaries and equity method investments.

Segment assets increased 4% to ¥1,016,175 million compared to the end of fiscal 2024 primarily due to increases in property under facility operations and advances for property under facility operations, partially offset by a decrease in equity method investments.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 1,478	¥ 1,402	¥ (76)	(5)
Gains on investment securities and dividends	1,784	3,128	1,344	75
Operating leases	79	79	0	—
Sales of goods and real estate	3,771	3,307	(464)	(12)
Services income	158,486	178,105	19,619	12
Total Segment Revenues	165,598	186,021	20,423	12
Interest expense	11,093	13,170	2,077	19
Costs of operating leases	18	18	0	—
Costs of goods and real estate sold	2,236	1,786	(450)	(20)
Services expense	110,106	136,118	26,012	24
Other (income) and expense	(4,633)	446	5,079	—
Selling, general and administrative expenses	18,670	22,582	3,912	21
Provision for credit losses, and write-downs of long-lived assets and securities	151	20,573	20,422	—
Total Segment Expenses	137,641	194,693	57,052	41
Equity in Net income (Loss) of equity method investments and others	10,115	3,749	(6,366)	(63)
Segment Profits	¥ 38,072	¥ (4,923)	¥ (42,995)	—

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases	¥ 3,104	¥ 2,092	¥ (1,012)	(33)
Installment loans	2,255	3,609	1,354	60
Investment in operating leases	250	237	(13)	(5)
Investment in securities	571	32,032	31,461	—
Property under facility operations	453,252	487,241	33,989	7
Inventories	2,463	2,551	88	4
Equity method investments	219,018	170,946	(48,072)	(22)
Advances for property under facility operations	44,962	70,081	25,119	56
Goodwill, intangible assets acquired in business combinations	121,174	120,743	(431)	(0)
Other assets	129,385	126,643	(2,742)	(2)
Total Segment Assets	¥ 976,434	¥ 1,016,175	¥ 39,741	4

Insurance

Segment profits increased 5% to ¥74,399 million compared to fiscal 2024 primarily due to a decrease in life insurance costs, partially offset by a decrease in life insurance premiums and related investment income.

Segment assets increased 3% to ¥3,009,234 million compared to the end of fiscal 2024 primarily due to an increase in reinsurance recoverables.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 300	¥ 280	¥ (20)	(7)
Life insurance premiums and related investment income	561,533	518,084	(43,449)	(8)
Services income	2,036	(1)	(2,037)	—
Total Segment Revenues	563,869	518,363	(45,506)	(8)
Interest expense	14	256	242	—
Life insurance costs	433,827	384,910	(48,917)	(11)
Other (income) and expense	98	(110)	(208)	—
Selling, general and administrative expenses	59,309	58,904	(405)	(1)
Provision for credit losses, and write-downs of long-lived assets and securities	(2)	4	6	—
Total Segment Expenses	493,246	443,964	(49,282)	(10)
Equity in Net income (Loss) of equity method investments and others	203	(0)	(203)	—
Segment Profits	¥ 70,826	¥ 74,399	¥ 3,573	5

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Installment loans	¥ 11,792	¥ 12,805	¥ 1,013	9
Investment in operating leases	26,876	26,167	(709)	(3)
Investment in securities	2,236,495	2,234,453	(2,042)	(0)
Equity method investments	29,742	35,865	6,123	21
Goodwill, intangible assets acquired in business combinations	4,452	4,452	0	—
Other assets	612,570	695,492	82,922	14
Total Segment Assets	¥ 2,921,927	¥ 3,009,234	¥ 87,307	3

Banking and Credit

Segment profits decreased 70% to ¥29,291 million compared to fiscal 2024 primarily due to the absence of gains on sales of subsidiaries and equity method investments recorded in the fourth quarter of fiscal 2024 as a result of the partial sale of shares in ORIX Credit Corporation and a decrease in finance revenues following its transition to an equity method investee.

Segment assets increased 7% to ¥3,144,571 million compared to the end of fiscal 2024 primarily due to increases in installment loans and cash and cash equivalents.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 80,653	¥ 60,290	¥ (20,363)	(25)
Gains on investment securities and dividends	600	100	(500)	(83)
Services income	7,321	2,914	(4,407)	(60)
Total Segment Revenues	88,574	63,304	(25,270)	(29)
Interest expense	5,302	7,184	1,882	35
Services expense	6,254	7,590	1,336	21
Other (income) and expense	(306)	40	346	—
Selling, general and administrative expenses	32,886	20,822	(12,064)	(37)
Provision for credit losses, and write-downs of long-lived assets and securities	4,064	(176)	(4,240)	—
Total Segment Expenses	48,200	35,460	(12,740)	(26)
Equity in Net income (Loss) of equity method investments and others	56,979	1,447	(55,532)	(97)
Segment Profits	¥ 97,353	¥ 29,291	¥ (68,062)	(70)

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Installment loans	¥ 2,378,183	¥ 2,511,736	¥ 133,553	6
Investment in securities	311,237	305,441	(5,796)	(2)
Equity method investments	43,601	43,934	333	1
Other assets	201,196	283,460	82,264	41
Total Segment Assets	¥ 2,934,217	¥ 3,144,571	¥ 210,354	7

Aircraft and Ships

Segment profits increased 52% to ¥67,420 million compared to fiscal 2024 primarily due to an increase in operating leases revenues as a result of a new acquisition of a subsidiary in the fourth quarter of fiscal 2024.

Segment assets increased 5% to ¥1,231,973 million compared to the end of fiscal 2024 primarily due to increases in investment in operating leases, goodwill, intangible assets acquired in business combinations and advances for finance lease and operating lease, partially offset by a decrease in installment loans.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 7,769	¥ 5,769	¥ (2,000)	(26)
Gains on investment securities and dividends	(130)	(24)	106	—
Operating leases	48,074	96,856	48,782	101
Sales of goods and real estate	97	852	755	778
Services income	9,381	16,139	6,758	72
Total Segment Revenues	65,191	119,592	54,401	83
Interest expense	11,596	20,159	8,563	74
Costs of operating leases	18,853	40,986	22,133	117
Costs of goods and real estate sold	96	864	768	800
Services expense	1,783	6,724	4,941	277
Other (income) and expense	(3,600)	68	3,668	—
Selling, general and administrative expenses	10,345	11,967	1,622	16
Provision for credit losses, and write-downs of long-lived assets and securities	3	3	0	—
Total Segment Expenses	39,076	80,771	41,695	107
Equity in Net income (Loss) of equity method investments and others	18,251	28,599	10,348	57
Segment Profits	¥ 44,366	¥ 67,420	¥ 23,054	52

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Installment loans	¥ 60,468	¥ 36,119	¥ (24,349)	(40)
Investment in operating leases	557,867	599,813	41,946	8
Investment in securities	11,960	9,387	(2,573)	(22)
Property under facility operations	0	28	28	—
Inventories	733	1,588	855	117
Advances for finance lease and operating lease	9,232	27,816	18,584	201
Equity method investments	399,061	402,567	3,506	1
Goodwill, intangible assets acquired in business combinations	19,114	43,024	23,910	125
Other assets	111,206	111,631	425	0
Total Segment Assets	¥ 1,169,641	¥ 1,231,973	¥ 62,332	5

ORIX USA

Segment profits increased 43% to ¥39,915 million compared to fiscal 2024 primarily due to an increase in gains on sales of subsidiaries and equity method investments, partially offset by an increase in selling, general and administrative expenses and a decrease in gains on investment securities and dividends.

Segment assets decreased 6% to ¥1,593,939 million compared to the end of fiscal 2024 primarily due to decreases in installment loans and restricted cash and general decrease as a result of foreign exchange effects.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 112,545	¥ 102,627	¥ (9,918)	(9)
Gains on investment securities and dividends	6,446	119	(6,327)	(98)
Operating leases	1,225	861	(364)	(30)
Sales of goods and real estate	602	543	(59)	(10)
Services income	52,608	50,078	(2,530)	(5)
Total Segment Revenues	173,426	154,228	(19,198)	(11)
Interest expense	47,466	40,016	(7,450)	(16)
Costs of operating leases	547	1,496	949	173
Costs of goods and real estate sold	310	307	(3)	(1)
Services expense	4,331	2,823	(1,508)	(35)
Other (income) and expense	(2,078)	(3,382)	(1,304)	—
Selling, general and administrative expenses	85,483	95,406	9,923	12
Provision for credit losses, and write-downs of long-lived assets and securities	7,937	7,669	(268)	(3)
Total Segment Expenses	143,996	144,335	339	0
Equity in Net income (Loss) of equity method investments and others	(1,499)	30,022	31,521	—
Segment Profits	¥ 27,931	¥ 39,915	¥ 11,984	43

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases	¥ 505	¥ 451	¥ (54)	(11)
Installment loans	699,384	652,805	(46,579)	(7)
Investment in operating leases	9,858	21,260	11,402	116
Investment in securities	509,172	487,022	(22,150)	(4)
Property under facility operations and servicing assets	79,747	76,469	(3,278)	(4)
Inventories	159	137	(22)	(14)
Equity method investments	61,415	54,817	(6,598)	(11)
Goodwill, intangible assets acquired in business combinations	176,785	171,884	(4,901)	(3)
Other assets	157,459	129,094	(28,365)	(18)
Total Segment Assets	¥1,694,484	¥1,593,939	¥ (100,545)	(6)

ORIX Europe

Segment profits increased 7% to ¥44,373 million compared to fiscal 2024 primarily due to an increase in services income.

Segment assets increased 1% to ¥669,306 million compared to the end of fiscal 2024 primarily due to increases in cash and cash equivalents and investment in securities, partially offset by a decrease in goodwill, intangible assets acquired in business combinations.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 2,409	¥ 4,077	¥ 1,668	69
Gains on investment securities and dividends	10,711	4,408	(6,303)	(59)
Services income	214,031	248,782	34,751	16
Total Segment Revenues	227,151	257,267	30,116	13
Interest expense	289	665	376	130
Services expense	54,224	66,446	12,222	23
Other (income) and expense	2,666	4,231	1,565	59
Selling, general and administrative expenses	130,496	138,859	8,363	6
Provision for credit losses, and write-downs of long-lived assets and securities	217	115	(102)	(47)
Total Segment Expenses	187,892	210,316	22,424	12
Equity in Net income (Loss) of equity method investments and others	2,379	(2,578)	(4,957)	—
Segment Profits	¥ 41,638	¥ 44,373	¥ 2,735	7

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Investment in securities	¥ 82,568	¥ 86,008	¥ 3,440	4
Equity method investments	11,907	8,578	(3,329)	(28)
Goodwill, intangible assets acquired in business combinations	364,773	354,801	(9,972)	(3)
Other assets	202,891	219,919	17,028	8
Total Segment Assets	¥ 662,139	¥ 669,306	¥ 7,167	1

Asia and Australia

Segment profits decreased 27% to ¥34,451 million compared to fiscal 2024 primarily due to decreases in gains on investment securities and dividends and equity in net income (loss) of equity method investments in Greater China.

Segment assets increased 1% to ¥1,725,627 million compared to the end of fiscal 2024 primarily due to increases in net investment in leases and cash and cash equivalents, partially offset by general decrease as a result of foreign exchange effects.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues	¥ 70,836	¥ 74,961	¥ 4,125	6
Gains on investment securities and dividends	7,885	1,933	(5,952)	(75)
Operating leases	122,624	135,169	12,545	10
Sales of goods and real estate	425	751	326	77
Services income	23,523	23,406	(117)	(0)
Total Segment Revenues	225,293	236,220	10,927	5
Interest expense	35,737	41,761	6,024	17
Costs of operating leases	90,336	97,249	6,913	8
Costs of goods and real estate sold	400	684	284	71
Services expense	15,039	14,710	(329)	(2)
Other (income) and expense	(1,490)	(5,654)	(4,164)	—
Selling, general and administrative expenses	41,558	44,342	2,784	7
Provision for credit losses, and write-downs of long-lived assets and securities	8,027	9,983	1,956	24
Total Segment Expenses	189,607	203,075	13,468	7
Equity in Net income (Loss) of equity method investments and others	11,383	1,306	(10,077)	(89)
Segment Profits	¥ 47,069	¥ 34,451	¥ (12,618)	(27)

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases	¥ 530,426	¥ 547,966	¥ 17,540	3
Installment loans	343,936	315,128	(28,808)	(8)
Investment in operating leases	395,573	394,764	(809)	(0)
Investment in securities	33,520	37,768	4,248	13
Property under facility operations	1,849	1,844	(5)	(0)
Inventories	224	615	391	175
Advances for finance lease and operating lease	3,017	4,833	1,816	60
Equity method investments	271,682	260,395	(11,287)	(4)
Advances for property under facility operations	0	51	51	—
Goodwill, intangible assets acquired in business combinations	7,313	6,986	(327)	(4)
Other assets	121,693	155,277	33,584	28
Total Segment Assets	¥1,709,233	¥1,725,627	¥ 16,394	1

Revenues, New Business Volumes and Investments

Finance revenues

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Finance revenues:				
Finance revenues	¥ 348,001	¥ 328,356	¥ (19,645)	(6)

Finance revenues decreased 6% to ¥328,356 million for fiscal 2025 compared to fiscal 2024 primarily as a result of DOCOMO Finance, Inc. becoming an equity method investee due to the partial sale of its shares in the fourth quarter of fiscal 2024.

Net investment in leases

	As of and for the year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases:				
New equipment acquisitions	¥ 535,985	¥ 522,223	¥ (13,762)	(3)
Japan	212,462	210,189	(2,273)	(1)
Overseas	323,523	312,034	(11,489)	(4)
Net investment in leases	1,155,023	1,167,380	12,357	1

New equipment acquisitions related to net investment in leases decreased 3% to ¥522,223 million compared to fiscal 2024. In Japan, new equipment acquisitions decreased 1% in fiscal 2025 compared to fiscal 2024. In overseas, new equipment acquisitions decreased 4% in fiscal 2025 compared to fiscal 2024 primarily due to decreases in Asia.

Net investment in leases as of March 31, 2025 increased 1% to ¥1,167,380 million compared to March 31, 2024 primarily due to increases in assets in overseas.

As of March 31, 2025, no single lessee represented more than 1% of the balance of net investment in leases. As of March 31, 2025, 53% of our net investment in leases were to lessees in Japan, while 47% were to overseas lessees. 9% of our net investment in leases were to lessees in China, 8% of our net investment in leases were to lessees in each of South Korea and Malaysia, respectively, and 5% of our net investment in leases were to lessees in Australia. No other overseas country represented more than 5% of our total portfolio of net investment in leases.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Net investment in leases by category:				
Transportation equipment	¥ 521,006	¥ 550,810	¥ 29,804	6
Industrial equipment	231,867	213,939	(17,928)	(8)
Electronics	98,313	97,461	(852)	(1)
Information-related and office equipment	118,784	123,092	4,308	4
Commercial services equipment	66,377	68,995	2,618	4
Other	118,676	113,083	(5,593)	(5)
Total	¥1,155,023	¥1,167,380	¥ 12,357	1

For further information, see Note 6 of "Item 18. Financial Statements."

Installment loans

	As of and for the year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Installment loans:				
New loans added	¥1,433,243	¥1,510,598	¥ 77,355	5
Japan	1,064,986	1,165,864	100,878	9
Overseas	368,257	344,734	(23,523)	(6)
Installment loans	3,958,814	4,081,019	122,205	3

Note: The balance of installment loans related to our life insurance operations is included in installment loans in our consolidated balance sheets; however, income and losses on these loans are recorded in life insurance premiums and related investment income in our consolidated statements of income.

New loans added increased 5% to ¥1,510,598 million compared to fiscal 2024. In Japan, new loans added increased 9% to ¥1,165,864 million compared to fiscal 2024. In overseas, new loans added decreased 6% to ¥344,734 million compared to fiscal 2024 primarily due to decreased lending activity in Asia.

The balance of installment loans as of March 31, 2025 increased 3% to ¥4,081,019 million compared to March 31, 2024, primarily due to increases in the new loans added in Japan, partially offset by decreases in the new loans added in overseas.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Installment loans:				
Consumer borrowers in Japan				
Real estate loans	¥1,851,214	¥1,901,794	¥ 50,580	3
Card loans	72,353	67,874	(4,479)	(6)
Other	5,680	7,259	1,579	28
Subtotal	1,929,247	1,976,927	47,680	2
Corporate borrowers in Japan				
Real estate companies	334,506	415,666	81,160	24
Non-recourse loans	145,286	301,477	156,191	108
Commercial, industrial and other companies	187,824	233,270	45,446	24
Subtotal	667,616	950,413	282,797	42
Consumer borrowers in overseas				
Real estate loans	96,247	55,022	(41,225)	(43)
Other	47,415	39,172	(8,243)	(17)
Subtotal	143,662	94,194	(49,468)	(34)
Corporate borrowers in overseas				
Real estate companies*1	190,630	228,793	38,163	20
Non-recourse loans	50,263	86,724	36,461	73
Commercial, industrial and other companies	705,494	591,103	(114,391)	(16)
Subtotal	946,387	906,620	(39,767)	(4)
Equity method investees	251,929	131,476	(120,453)	(48)
Purchased loans*2	19,973	21,389	1,416	7
Total	¥3,958,814	¥4,081,019	¥ 122,205	3

*1 Includes the outstanding balance of loans that were previously sold with a repurchase option and are recorded as assets for accounting purposes in accordance with ASC 860 (“Transfers and Servicing”.)

*2 Purchased loans represent loans with evidence of deterioration of credit quality since origination and for which it is probable at acquisition that collection of all contractually required payments from the debtors is unlikely.

As of March 31, 2025, ¥12,806 million, or 0.4%, of our portfolio of installment loans to consumer and corporate borrowers in Japan related to our life insurance operations. We reflect income from these loans as life insurance premiums and related investment income in our consolidated statements of income.

As of March 31, 2025, ¥644,459 million, or 16%, of the balance of installment loans were to real estate companies in Japan and overseas.

The balance of installment loans to consumer borrowers in Japan as of March 31, 2025 increased 2% to ¥1,976,927 million compared to the balance as of March 31, 2024, primarily due to an increase in new loans added. The balance of installment loans to corporate borrowers in Japan as of March 31, 2025 increased 42% to ¥950,413 million compared to the balance as of March 31, 2024, primarily due to an increase in new loans added in the banking business. The balance of installment loans to consumer borrowers in overseas as of March 31, 2025 decreased 34% to ¥94,194 million compared to the balance as of March 31, 2024, primarily due to a decrease in Asia. The balance of installment loans to corporate borrowers in overseas as of March 31, 2025 decreased 4% to ¥906,620 million compared to the balance as of March 31, 2024, primarily due to a decrease in the Americas. The balance of installment loans to equity method investees as of March 31, 2025 decreased 48% to ¥131,476 million compared to the balance as of March 31, 2024, primarily due to the termination of loans.

For further information, see Note 7 of "Item 18. Financial Statements".

Asset quality

Net investment in leases

	As of March 31,	
	2024	2025
	(Millions of yen, except percentage data)	
Non-performing net investment in leases and allowance for credit losses on net investment in leases:		
Non-performing net investment in leases	¥20,805	¥21,820
Non-performing net investment in leases as a percentage of the balance of net investment in leases	1.80%	1.87%
Provision for credit losses as a percentage of the average balance of net investment in leases*	0.27%	0.42%
Allowance for credit losses on net investment in leases	¥16,780	¥18,122
Allowance for credit losses on net investment in leases as a percentage of the balance of net investment in leases	1.45%	1.55%
The ratio of charge-offs as a percentage of the average balance of net investment in leases*	0.23%	0.29%

* Average balances are calculated on the basis of fiscal year's beginning balance and fiscal quarter-end balances.

The balance of non-performing net investment in leases increased ¥1,015 million to ¥21,820 million as of March 31, 2025 compared to March 31, 2024. As a result, the non-performing net investment in leases as a percentage of net investment in leases as of March 31, 2025 increased 0.07% to 1.87% from March 31, 2024.

We believe that the ratio of allowance for credit losses to the balance of investment in net investment in leases provides a reasonable indication that our allowance for credit losses was appropriate as of March 31, 2025 for the following reasons:

- lease receivables are generally diversified and the amount of realized loss on any particular contract is likely to be relatively small; and

- all lease contracts are secured by collateral consisting of the underlying leased assets, and we can expect to recover at least a portion of the outstanding lease receivables by selling the collateral.

Loans not individually assessed for credit losses

	As of March 31,	
	2024	2025
	(Millions of yen, except percentage data)	
Non-performing loans not individually assessed for credit losses and allowance for credit losses on installment loans not individually assessed for credit losses:		
Non-performing loans not individually assessed for credit losses	¥19,792	¥30,214
Non-performing loans not individually assessed for credit losses as a percentage of the balance of installment loans not individually assessed for credit losses	0.51%	0.76%
Provision for credit losses as a percentage of the average balance of installment loans not individually assessed for credit losses*	0.17%	0.03%
Allowance for credit losses on installment loans not individually assessed for credit losses	¥25,975	¥21,355
Allowance for credit losses on installment loans not individually assessed for credit losses as a percentage of the balance of installment loans not individually assessed for credit losses	0.67%	0.53%
The ratio of charge-offs as a percentage of the average balance of loans not individually assessed for credit losses*	0.20%	0.07%

Note: The table above excludes the outstanding balance of loans that were previously sold with a repurchase option and are recorded as assets for accounting purposes in accordance with ASC 860 ("Transfers and Servicing").

* Average balances are calculated on the basis of fiscal year's beginning balance and fiscal quarter-end balances.

The provision for credit losses as a percentage of the average balance of installment loans not individually assessed for credit losses decreased 0.14% compared to fiscal 2024, primarily due to a reduction in the provision amount resulting from the sale of a subsidiary in fiscal 2024.

The balance of non-performing loans not individually assessed that are estimated for credit losses by using installment loans with similar risk characteristics as one pool increased ¥19,792 million to ¥30,214 million as of March 31, 2025 compared to March 31, 2024.

	As of March 31,	
	2024	2025
	(Millions of yen)	
Non-performing loans not individually assessed for credit losses:		
Consumer borrowers in Japan		
Real estate loans	¥ 861	¥ 987
Subtotal	861	987
Corporate borrowers in Japan		
Real estate companies	75	8
Commercial, industrial and other companies	165	178
Subtotal	240	186
Consumer borrowers in overseas		
Real estate loans	340	308
Other	658	452
Subtotal	998	760
Corporate borrowers in overseas		
Real estate companies	2,695	648
Non-recourse loans	2,057	2,183
Commercial, industrial and other companies	12,711	25,450
Subtotal	17,463	28,281
Loans to Equity method investees	230	0
Total	¥ 19,792	¥ 30,214

Note: The table above excludes the outstanding balance of loans that were previously sold with a repurchase option and are recorded as assets for accounting purposes in accordance with ASC 860 (“Transfers and Servicing”).

We recognize allowances for real estate loans, card loans and other loans to individual borrowers after careful evaluation of the value of collateral underlying the loans, past loss experience and any economic conditions that we believe may affect the default rate. We determine the allowance for our other items on the basis of past loss experience, the forecasted future economic indicators correlated with the prior charge-off experience and the current portfolio composition.

Loans individually assessed for credit losses

	As of March 31,	
	2024	2025
	(Millions of yen)	
Non-performing loans individually assessed for credit losses and allowance for credit losses on installment loans individually assessed for credit losses:		
Non-performing installment loans individually assessed for credit losses	¥54,422	¥62,433
Allowance for credit losses on installment loans individually assessed for credit losses*	14,335	16,393

* The allowance is individually evaluated based on the present value of expected future cash flows, the loan's observable market price or the fair value of the collateral securing the loans if the loans are collateral dependent.

The provision for credit losses on installment loans individually assessed for credit losses was ¥10,806 million and ¥6,962 million, respectively, in fiscal 2024 and fiscal 2025. The charge-off of installment loans individually assessed for credit losses was ¥4,295 million and ¥4,718 million, respectively, in fiscal 2024 and fiscal 2025. The provision for credit losses on installment loans individually assessed for credit losses decreased ¥3,844 million compared to fiscal 2024. The provision for credit losses on loans individually assessed decreased mainly in the Americas. The charge-off of installment loans individually assessed for credit losses increased ¥423 million compared to fiscal 2024.

The table below sets forth the outstanding balance of non-performing loans individually assessed for credit losses by region and type of borrower as of the dates indicated. Consumer loans in Japan primarily consist of restructured smaller-balance homogeneous loans individually assessed for credit losses.

	As of March 31,	
	2024	2025
	(Millions of yen)	
Non-performing loans individually assessed for credit losses:		
Consumer borrowers in Japan		
Real estate loans	¥11,210	¥10,353
Other	96	86
Subtotal	11,306	10,439
Corporate borrowers in Japan		
Real estate companies	1,401	549
Commercial, industrial and other companies	392	598
Subtotal	1,793	1,147
Consumer borrowers in overseas		
Real estate loans	767	5,368
Other	1,702	1,884
Subtotal	2,469	7,252
Corporate borrowers in overseas		
Real estate companies	1,125	2,769
Non-recourse loans	1,058	1,648
Commercial, industrial and other companies	34,092	36,569
Subtotal	36,275	40,986
Loans to Equity method investees	1,699	1,345
Purchased loans	880	1,264
Total	¥54,422	¥62,433

For further information, see Note 8 of "Item 18. Financial Statements."

Allowance for credit losses

We recognize allowances for credit losses on net investment in leases and installment loans.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Allowance for credit losses:				
Beginning balance	¥ 64,540	¥ 57,090	¥ (7,450)	(12)
Net investment in leases	15,719	16,780	1,061	7
Loans not individually assessed for credit losses	39,460	25,975	(13,485)	(34)
Loans individually assessed for credit losses	9,361	14,335	4,974	53
Provision (Reversal) *1	20,652	13,074	(7,578)	(37)
Net investment in leases	3,064	4,934	1,870	61
Loans not individually assessed for credit losses	6,782	1,178	(5,604)	(83)
Loans individually assessed for credit losses	10,806	6,962	(3,844)	(36)
Charge-offs (net)	(14,633)	(10,823)	3,810	(26)
Net investment in leases	(2,609)	(3,414)	(805)	31
Loans not individually assessed for credit losses	(7,729)	(2,691)	5,038	(65)
Loans individually assessed for credit losses	(4,295)	(4,718)	(423)	10
Other *2	(13,469)	(3,471)	9,998	(74)
Net investment in leases	606	(178)	(784)	—
Loans not individually assessed for credit losses	(12,538)	(3,107)	9,431	(75)
Loans individually assessed for credit losses	(1,537)	(186)	1,351	(88)
Ending balance	57,090	55,870	(1,220)	(2)
Net investment in leases	16,780	18,122	1,342	8
Loans not individually assessed for credit losses	25,975	21,355	(4,620)	(18)
Loans individually assessed for credit losses	14,335	16,393	2,058	14

*1 "Provision for credit losses" in the consolidated statements of income amounted to ¥20,968 million and ¥18,723 million for fiscal 2024 and 2025, respectively, and the amounts include provision for credit losses on other than net investment in leases and installment loans.

*2 "Other" mainly includes foreign currency translation adjustments and increases or decreases in allowance due to consolidation or deconsolidation of subsidiaries.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Provision for credit losses:				
Net investment in leases	¥ 3,064	¥ 4,934	¥ 1,870	61
Loans not individually assessed for credit losses	6,782	1,178	(5,604)	(83)
Loans individually assessed for credit losses	10,806	6,962	(3,844)	(36)
Subtotal	20,652	13,074	(7,578)	(37)
Off-balance sheet credit exposures	(440)	5,297	5,737	—
Available-for-sale debt securities	445	173	(272)	(61)
Other financial assets measured at amortized cost	311	179	(132)	(42)
Total	¥ 20,968	¥ 18,723	¥ (2,245)	(11)

The provision on installment loans not individually assessed for credit losses were ¥6,782 million and ¥1,178 million in fiscal 2024 and 2025, respectively. The provision for credit losses on loans not individually assessed in fiscal 2025 increased compared to fiscal 2024 primarily due to a reduction in the provision amount resulting from the sale of a subsidiary in fiscal 2024.

The provision on installment loans individually assessed for credit losses were ¥10,806 million and ¥6,962 million in fiscal 2024 and 2025, respectively. The provision for credit losses on loans individually assessed decreased mainly in the Americas.

The provision for credit losses on off-balance sheet credit exposures in fiscal 2024 was a reversal of ¥440 million, which was mainly caused by the re-valuation of past loss experience, current economic and business conditions and forecasts in Japan. The provision for credit losses on off-balance sheet credit exposures in fiscal 2025 was ¥5,297 million, which was mainly due to the deterioration in macroeconomic forecasts in certain markets in the Americas.

For further information, see Note 8 of "Item 18. Financial Statements." In addition, for further information about allowance for off-balance sheet credit exposures and allowance for credit losses on available-for-sale debt securities, see Note 31 and 9 of "Item 18. Financial Statements."

Investment in Securities

	As of and for the year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Investment in securities:				
New securities added	¥ 628,060	¥ 777,170	¥ 149,110	24
Japan	521,835	621,839	100,004	19
Overseas	106,225	155,331	49,106	46
Investment in securities	3,263,079	3,234,547	(28,532)	(1)

Note: The balance of investment in securities related to our life insurance operations is included in investment in securities in our consolidated balance sheets; however, income and losses on these investment in securities are recorded in life insurance premiums and related investment income in our consolidated statements of income.

New securities added increased 24% to ¥777,170 million in fiscal 2025 compared to fiscal 2024. New securities added in Japan increased 19% in fiscal 2025 compared to fiscal 2024 primarily due to an increase in investments in government bond securities and corporate debt securities. New securities added overseas increased 46% in fiscal 2025 compared to fiscal 2024 primarily due to an increase in fund investments and other asset-backed securities and debt securities.

The balance of our investment in securities as of March 31, 2025 decreased 1% to ¥3,234,547 million compared to March 31, 2024.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Investment in securities by security type:				
Equity securities	¥ 597,601	¥ 626,910	¥ 29,309	5
Available-for-sale debt securities	2,665,478	2,607,637	(57,841)	(2)
Total	¥3,263,079	¥3,234,547	¥ (28,532)	(1)

Investments in equity securities as of March 31, 2025 increased 5% to ¥626,910 million compared to March 31, 2024 primarily due to the transfer to equity securities from the partial sale of equity-method investments and increases in fund investments, partially offset by sales of trading securities. Investments in

available-for-sale debt securities as of March 31, 2025 decreased 2% to ¥2,607,637 million compared to March 31, 2024 primarily due to increases in unrealized losses on government bonds and the redemption of corporate bonds and other asset-backed securities, partially offset by increases in investments in government bonds and corporate bonds.

For further information, see Note 9 of "Item 18. Financial Statements."

Gains on investment securities and dividends

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Gains on investment securities and dividends:				
Net gains on investment securities	¥30,731	¥11,825	¥(18,906)	(62)
Dividends income	2,292	2,499	207	9
Total	¥33,023	¥14,324	¥(18,699)	(57)

Notes: 1. Income and losses on investment in securities related to our life insurance operations are recorded in life insurance premiums and related investment income in our consolidated statements of income.
2. Unrealized changes in fair value of investments in equity securities have been included in "Net gains on investment securities".

Net gains on investment securities decreased 62% to ¥11,825 million in fiscal 2025 compared to fiscal 2024 primarily due to a decrease in gains on sales of securities and net unrealized holding gains (losses) on fund investments. Dividends income increased 9% to ¥2,499 million in fiscal 2025 compared to fiscal 2024. Due to the above results, gains on investment securities and dividends decreased 57% to ¥14,324 million in fiscal 2025 compared to fiscal 2024.

As of March 31, 2025, gross unrealized gains on available-for-sale debt securities, including those held in connection with our life insurance operations, were ¥25,470 million, compared to ¥41,989 million as of March 31, 2024. As of March 31, 2025, gross unrealized losses on available-for-sale debt securities, including those held in connection with our life insurance operations, were ¥591,199 million, compared to ¥391,817 million as of March 31, 2024.

Operating leases

	As of and for the year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Operating leases:				
Operating lease revenues	¥ 535,490	¥ 624,444	¥ 88,954	17
Costs of operating leases	356,760	394,821	38,061	11
New equipment acquisitions	572,084	758,837	186,753	33
Japan	240,889	316,726	75,837	31
Overseas	331,195	442,111	110,916	33
Investment in operating leases	1,868,574	1,967,178	98,604	5

Revenues from operating leases in fiscal 2025 increased 17% to ¥624,444 million compared to fiscal 2024 primarily due to an increase in revenues from leases in the ship leasing business and in the aircraft leasing business. In fiscal 2024 and 2025, gains from the disposition of operating lease assets were ¥53,441 million and ¥76,633 million, respectively.

Costs of operating leases increased 11% to ¥394,821 million in fiscal 2025 compared to fiscal 2024 primarily due to an increase in depreciation expenses resulting from an increase in investments in the ship leasing business and investments in the aircraft leasing business.

New equipment acquisitions related to operating leases increased 33% to ¥758,837 million in fiscal 2025 compared to fiscal 2024 primarily due to an increase in investments in the real estate leasing business, investments in the ship leasing business and investments in the aircraft leasing business.

Investment in operating leases as of March 31, 2025 increased 5% to ¥1,967,178 million compared to March 31, 2024 primarily due to an increase in investments in the real estate leasing business and investments in the measuring and information-related equipment rental business.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Investment in operating leases by category:				
Transportation equipment	¥1,264,332	¥1,292,630	¥ 28,298	2
Measuring and information-related equipment	154,794	194,798	40,004	26
Real estate	261,706	309,810	48,104	18
Other	49,286	51,667	2,381	5
Right-of-use assets	87,359	73,518	(13,841)	(16)
Accrued rental receivables	54,230	46,248	(7,982)	(15)
Allowance for doubtful receivables on operating leases	(3,133)	(1,493)	1,640	—
Total	¥1,868,574	¥1,967,178	¥ 98,604	5

Investment in transportation equipment operating leases as of March 31, 2025 increased 2% to ¥1,292,630 million compared to March 31, 2024 primarily due to an increase in investments in the ship leasing business and an increase in investments in the aircraft leasing business. Investment in measuring and information-related equipment operating leases as of March 31, 2025 increased 26% to ¥194,798 million compared to March 31, 2024 primarily due to an increase in investments in the rental business. Investment in real estate operating leases as of March 31, 2025 increased 18% to ¥309,810 million compared to March 31, 2024 primarily due to an increase in investments in real estate under operating leases in Japan. Investment in other operating leases as of March 31, 2025 increased 5% to ¥51,667 million compared to March 31, 2024 primarily due to an increase in investments in the rental business.

For further information, see Note 6 of "Item 18. Financial Statements."

Life insurance

We reflect all income and losses (other than provision for credit losses) that we recognize on securities and investment in partnerships and other investments, installment loans, real estate under operating leases and other investments held in connection with our life insurance operations as life insurance premiums and related investment income in our consolidated statements of income.

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Life insurance premiums and related investment income and life insurance costs:				
Life insurance premiums	¥ 459,655	¥ 481,432	¥ 21,777	5
Life insurance-related investment income	99,268	33,827	(65,441)	(66)
Total	¥ 558,923	¥ 515,259	¥ (43,664)	(8)
Life insurance costs	¥ 433,863	¥ 384,753	¥ (49,110)	(11)

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Breakdown of life insurance-related investment income (loss):				
Net income on investment securities and investment in partnerships and other investments	¥ 95,219	¥ 30,574	¥ (64,645)	(68)
Gains and losses recognized in income on derivative	(2,896)	(3,263)	(367)	—
Interest on loans, income on real estate under operating leases, and others	6,945	6,516	(429)	(6)
Total	¥ 99,268	¥ 33,827	¥ (65,441)	(66)

Life insurance premiums and related investment income decreased 8% to ¥515,259 million in fiscal 2025 compared to fiscal 2024.

Life insurance premiums increased 5% to ¥481,432 million in fiscal 2025 compared to fiscal 2024 primarily due to an increase in annualized net premium from new policies and others.

Life insurance-related investment income decreased 66% to ¥33,827 million in fiscal 2025 compared to fiscal 2024. Net income on investment securities and investment in partnerships and other investments decreased mainly in investment income from assets under variable annuity and variable life insurance contracts.

Life insurance costs decreased 11% to ¥384,753 million in fiscal 2025 compared to fiscal 2024 primarily due to a decrease in a provision of liability reserve under variable annuity and variable life insurance contracts.

	As of March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Investments by life insurance operations:				
Equity securities and Investment in partnerships and other investments	¥ 305,256	¥ 314,049	¥ 8,793	3
Available-for-sale debt securities	1,960,981	1,956,269	(4,712)	(0)
Subtotal	2,266,237	2,270,318	4,081	0
Installment loans, real estate under operating leases and other investments	38,667	38,971	304	1
Total	¥2,304,904	¥2,309,289	¥ 4,385	0

Investment in securities as of March 31, 2025 increased to ¥2,270,318 million compared to March 31, 2024. For further information, see Note 23 and Note 24 of "Item 18. Financial Statements."

Sales of goods and real estate, Inventories

	Year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Sales of goods and real estate, Inventories:				
Sales of goods and real estate	¥373,914	¥373,155	¥ (759)	(0)
Costs of goods and real estate sold	268,627	271,833	3,206	1
New real estate added	148,878	89,632	(59,246)	(40)
Inventories	227,359	229,229	1,870	1

Sales of goods and real estate remained flat at ¥373,155 million compared to fiscal 2024 primarily due to an increase in sales of goods and a decrease in sales of real estate.

Costs of goods and real estate sold increased 1% to ¥271,833 million compared to fiscal 2024, primarily due to an increase in costs of goods sold. Costs of goods and real estate sold include the upfront costs associated with advertising and creating model rooms.

New real estate added decreased 40% to ¥89,632 million in fiscal 2025 compared to fiscal 2024.

Inventories as of March 31, 2025 increased 1% to ¥229,229 million compared to March 31, 2024, primarily due to an increase in residential condominiums, as an increase in new real estate added exceeded a decrease due to sales.

For further information, see Note 4 of "Item 18. Financial Statements."

Services, Property under Facility Operations

	As of and for the year ended March 31,		Change	
	2024	2025	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Services, Property under Facility Operations				
Services income	¥ 965,010	¥ 1,019,283	¥ 54,273	6
Services expense	560,101	604,145	44,044	8
New assets added	120,258	44,236	(76,022)	(63)
Japan	18,887	38,202	19,315	102
Overseas	101,371	6,034	(95,337)	(94)
Property under Facility Operations	689,573	771,851	82,278	12

Services income increased 6% to ¥1,019,283 million in fiscal 2025 compared to fiscal 2024 primarily due to an increase in income related to the asset management business.

Services expense increased 8% to ¥604,145 million in fiscal 2025 compared to fiscal 2024 primarily due to an increase in expenses related to the environment and energy business.

New assets added for property under facility operations decreased 63% to ¥44,236 million in fiscal 2025 compared to fiscal 2024 primarily due to a decrease in investments in electric power facilities overseas.

Property under facility operations as of March 31, 2025 increased 12% to ¥771,851 million compared to March 31, 2024 primarily due to investments in electric power facilities overseas and completion of domestic property under facility operations.

For further information, see Note 4 of "Item 18. Financial Statements."

Expenses

Interest expense

Interest expense decreased 10% to ¥169,051 million in fiscal 2025 compared to ¥188,328 million in fiscal 2024. Our total outstanding short-term debt, long-term debt and deposits as of March 31, 2025 increased 3% to ¥8,732,610 million compared to ¥8,446,306 million as of March 31, 2024.

The average interest rate on our short-term debt, long-term debt and deposits in domestic currency, calculated on the basis of average monthly balances, increased 0.1% to 0.5% in fiscal 2025 compared to 0.4% in fiscal 2024. The average interest rate on our short-term debt, long-term debt and deposits in foreign currency, calculated on the basis of average monthly balances, decreased 0.1% to 5.1% in fiscal 2025 compared to 5.2% in fiscal 2024. For more information regarding our interest rate risk, see "Item 3. Key Information—Risk Factors." For more information regarding our outstanding debt, see "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Short-term and long-term debt and deposits."

Other (income) and expense

Other (income) and expense was a net expense of ¥27,128 million during fiscal 2025 compared to a net income of ¥4,671 million during fiscal 2024. In other (income) and expense, we recognized foreign currency transaction losses of ¥3,518 million during fiscal 2025 compared to foreign currency transaction losses of ¥1,126 million during fiscal 2024, and we recognized impairment losses on goodwill and other intangible assets of ¥14,295 million during fiscal 2025 compared to impairment losses on goodwill and other intangible assets of ¥0 million during fiscal 2024. For further information on our goodwill and other intangible assets, see Note 13 of "Item 18. Financial Statements".

Selling, general and administrative expenses

Selling, general and administrative expenses increased 3% to ¥646,054 million in fiscal 2025 compared to ¥627,633 million in fiscal 2024.

Employee salaries and other personnel expenses accounted for 57% of selling, general and administrative expenses in fiscal 2025, and the remaining portion consists of selling expenses and other administrative expenses, such as IT-related expenses and advertising expenses.

Write-downs of long-lived assets

As a result of impairment reviews we performed in fiscal 2025 for long-lived assets in Japan and overseas, such as office buildings, commercial facilities other than office buildings, condominiums, hotels, and land undeveloped or under construction, write-downs of long-lived assets increased by ¥24,209 million to ¥25,933 million in fiscal 2025 compared to ¥1,724 million in fiscal 2024. These write-downs, which are reflected as write-downs of long-lived assets, consisted of impairment losses of ¥31 million on 20 condominiums and ¥25,902 million on other long-lived assets, because the assets were classified as held for sale or the carrying amount exceeded the estimated undiscounted future cash flows. For further information, see Note 25 of "Item 18. Financial Statements."

Write-downs of securities

Write-downs of securities in fiscal 2025 were in connection with non-marketable equity securities. Write-downs of securities decreased to ¥554 million in fiscal 2025 compared to ¥315 million in fiscal 2024. For further information, see Note 9 of "Item 18. Financial Statements."

Equity in net income (loss) of equity method investments

Equity in net income (loss) of equity method investments increased in fiscal 2025 to ¥57,182 million compared to ¥36,774 million in fiscal 2024 due to increases in equity in net income (loss) of equity method investments from domestic investees, partially offset by decreases in equity net income (loss) of equity method investments from overseas investees. For further information, see Note 12 of "Item 18. Financial Statements."

Gains on sales of subsidiaries and equity method investments and liquidation losses, net

Gains on sales of subsidiaries and equity method investments and liquidation losses, net increased to ¥87,705 million in fiscal 2025 compared to ¥72,488 million in fiscal 2024, due to the favorable profit from sales in Japan and the Americas. For further information, see Note 3 of "Item 18. Financial Statements."

Bargain Purchase Gain

In fiscal 2025, we recognized bargain purchase gains of ¥3,750 million associated with one of the acquisitions executed in fiscal 2025 compared to no bargain purchase gain in fiscal 2024. For further information, see Note 3 of "Item 18. Financial Statements."

Provision for income taxes

Provision for income taxes decreased to ¥128,828 million in fiscal 2025 compared to ¥131,388 million in fiscal 2024 primarily due to a decrease of the effective tax rate caused by the effect of lower tax rates on certain subsidiaries. For further information, see Note 16 of "Item 18. Financial Statements."

Net income (loss) attributable to the noncontrolling interests

Net income (loss) attributable to the noncontrolling interests was recorded as a result of the noncontrolling interests in earnings of certain of our subsidiaries. Net loss attributable to the noncontrolling interests in fiscal 2025 was ¥389 million, compared to ¥7,682 million in fiscal 2024.

Net income attributable to the redeemable noncontrolling interests

Net income attributable to the redeemable noncontrolling interests was recorded as a result of the noncontrolling interests in the earnings of our subsidiaries that issued redeemable interests. Net income attributable to the redeemable noncontrolling interests in fiscal 2025 was ¥394 million, compared to ¥137 million in fiscal 2024. For further information, see Note 18 of "Item 18. Financial Statements."

LIQUIDITY AND CAPITAL RESOURCES

Funding Activities

ORIX Group formulates funding policies that are designed to maintain and improve procurement stability and reduce liquidity risk. As a concrete measure to maintain and improve procurement stability while engaging in activities such as borrowing, capital market procurement and securitization of assets, we are diversifying our procurement methods and our country and investor base. To reduce liquidity risk, we are prolonging our borrowings from financial institutions and issuing long-term corporate bonds domestically and internationally with dispersed redemption periods. We are also holding cash and entering into committed credit facilities agreements. In order to maintain an appropriate level of liquidity at hand, we conduct stress tests from the perspective of both procurement stability and financial efficiency and review the necessary levels accordingly. Also, ORIX Group considers reducing procurement costs to be an important issue. For this reason, we place great importance on ratings by rating agencies and strive to maintain a certain level of rating. Furthermore, we believe that maintaining our ratings is effective not only in terms of minimizing procurement costs, but also facilitating capital market procurement when in unstable financial market conditions.

Uncertainties caused by geopolitical instability and the outlook for monetary policies of central banks of major countries still continue. Depending on future developments, we expect an increase in liquidity risk, including higher procurement costs. Specifically, we may be unable to borrow new funds or roll-over existing funds; we may be unable to issue bonds, medium-term notes and commercial paper in the capital markets; and

we expect there will be an increase in the amount of interest we need to pay if we are able to access such funding. Notwithstanding the current environment, the ORIX Group is working to maintain stable procurement and reduce liquidity risk in accordance with the above policy. In addition, with respect to rising costs, we are working to maintain a high rating from rating agencies and to maintain good communication with the market so that we can raise funds at reasonable interest rates when refinancing our existing funding.

ORIX Bank and ORIX Life Insurance are regulated by Japanese financial authorities. They are our main regulated subsidiaries in terms of liquidity controls, although several other subsidiaries also operate under liquidity control related regulations.

For more information regarding our liquidity risk management, see "Risk Management" under this Item 5.

Group Liquidity Management

ORIX is primarily responsible for accessing liquidity for ORIX Group and for managing the allocation of liquidity to domestic and overseas subsidiaries. In managing our capital resources and controlling liquidity risk, we employ various measures, including a cash management system for supplying funds to, and receiving funds from, our major domestic subsidiaries, other than regulated subsidiaries like ORIX Bank and ORIX Life Insurance. Our overseas subsidiaries rely primarily on local funding sources such as borrowings from local financial institutions and issuing bonds in local capital markets, but they may also obtain loans from ORIX. We also support liquidity levels of overseas subsidiaries by establishing local commitment lines and maintaining multi-currency commitment lines available to ORIX and certain of its overseas subsidiaries.

ORIX Bank obtains most of the funds it needs to operate its business through deposit taking. Although ORIX Bank provides loans to several companies in the ordinary course of its business, such loans are subject to a maximum limit set by the Japanese Banking Act. Under such regulations, ORIX Bank is restricted from making loans to other members of ORIX Group in an aggregate amount exceeding a regulatory limit. ORIX Life Insurance underwrites insurance, receives insurance premiums from policyholders, and conducts financing and investment activities, including lending. However, lending from ORIX Life Insurance to other members of ORIX Group is subject to regulation, including under the Japanese Insurance Business Act. For these reasons, ORIX Group manages its liquidity separately from ORIX Bank and ORIX Life Insurance.

Sources of Liquidity

Borrowings from Financial Institutions

ORIX Group borrows from a variety of sources, including major banks, regional banks, foreign banks, life insurance companies, casualty insurance companies and financial institutions associated with agricultural cooperatives. As of March 31, 2026, the number of our lenders was about 200. We have promoted regular face-to-face communications and established positive working relationships with financial institutions in Japan and overseas. The majority of our loan balances consists of borrowings from Japanese financial institutions. As of March 31, 2025 and 2026, short-term debt from Japanese and foreign financial institutions were ¥461,466 million and ¥461,154 million, respectively, while long-term debt from financial institutions were ¥4,031,105 million and ¥4,118,393 million, respectively.

We intend to continue to strengthen our financial condition, while maintaining appropriately diverse funding.

Committed Credit Facilities

We regularly enter into committed credit facilities agreements, including syndicated agreements, with financial institutions to secure liquidity. The maturity dates of these committed credit facilities are staggered to

prevent an overlap of contract renewal periods. The total amount of our committed credit facilities as of March 31, 2025 and 2026 were ¥795,634 million and ¥1,034,156 million, respectively. Of these figures, the unused amounts as of March 31, 2025 and 2026 were ¥598,079 million and ¥753,645 million, respectively. A portion of these facilities is arranged to be drawn down in foreign currencies by ORIX and certain of our overseas subsidiaries. The decision to enter into a committed credit facility is made based on factors including our balance of cash and cash equivalents and repayment schedules of short-term debt such as commercial paper.

Debt from the Capital Markets

Our debt from capital markets, excluding equity issuances, consists primarily of bonds, medium-term notes, commercial paper, and securitization of loan receivables and other assets. During the current fiscal year, the Company issued ¥39,000 million of unsecured subordinated bonds with interest payment deferral and optional early redemption provisions (hybrid bonds). The proceeds were used to refinance (i) ¥29,000 million of hybrid bonds with the same features that were issued in the fiscal year ended March 31, 2021 and redeemed early in March 2026, and (ii) ¥10,000 million of subordinated term loans raised in the fiscal year ended March 31, 2022 and repaid early in April 2026.

Bonds and Medium-term notes

We plan to continue to issue bonds and medium-term notes in a balanced manner to institutional and individual investors both inside and outside Japan in line with our strategy of maintaining and improving procurement stability and reducing liquidity risk.

We issue straight bonds, medium-term notes and unsecured subordinated bonds with interest payment deferrable clauses and optional early redemption conditions (hybrid bonds) domestically and internationally, each to diversify our funding sources and maintain longer liability maturities.

The total balance of bonds and medium-term notes issued as of March 31, 2025 and 2026 was ¥1,638,436 million and ¥1,816,401 million, respectively, of which bonds and medium-term notes amounting to ¥87,879 million and ¥114,169 million, respectively, were issued by overseas subsidiaries.

As of March 31, 2025 and 2026, the balance of bonds issued by ORIX for domestic institutional investors was ¥458,928 million and ¥439,003 million, respectively, while the balance of bonds issued by ORIX for individual investors were ¥114,665 million and ¥124,729 million, respectively. The balances of bonds and medium-term notes issued outside Japan were ¥891,591 million and ¥1,053,454 million as of March 31, 2025 and 2026, respectively.

Commercial paper

We offer commercial paper as a direct financing source, and have successfully obtained a diverse range of investors such as financial institutions and investment trusts, as well as private corporations. We consider our liquidity levels and stagger the dates of issuance and maturity over time to avoid significant overlap. The balance of outstanding commercial paper as of March 31, 2025 and 2026 was ¥7,588 million and ¥3,986 million, respectively.

Securitization

We securitize loan receivables and other assets. We recognize liabilities consolidated with such investments as our liabilities when required under applicable accounting standards. The total amounts of payables under securitized loan receivables and other assets as of March 31, 2025 and 2026 were ¥63,577 million and ¥30,965 million, respectively.

Deposits

ORIX Bank and ORIX Asia Limited each accept deposits from customers. These deposits-taking subsidiaries are regulated institutions, and loans from these subsidiaries to ORIX Group entities are subject to maximum regulatory limits.

The majority of deposits are attributable to ORIX Bank, which mainly attracts retail deposits, and which deposit balances remain stable. Deposit balances of ORIX Bank as of March 31, 2025 and 2026 were ¥2,443,577 million and ¥2,623,225 million, respectively.

Short-term and long-term debt and deposits

Short-term Debt

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Short-term debt :				
Borrowings from financial institutions	¥ 461,466	¥ 461,154	¥ (312)	(0)
Secured borrowings on securities lending transactions	80,626	107,095	26,469	33
Commercial paper	7,588	3,986	(3,602)	(47)
Total short-term debt	¥ 549,680	¥ 572,235	¥ 22,555	4

Note: The total amount includes liabilities of consolidated VIEs, for which creditors (or beneficial interest holders) do not have recourse to the general credit of the Company and subsidiaries. There were no such liabilities recorded as of March 31, 2025 and 2026.

Short-term debt as of March 31, 2026 was ¥572,235 million. The ratio was 9% and 9% of total debt (excluding deposits) as of March 31, 2025 and 2026. As of March 31, 2026, 81% of short-term debt was borrowings from financial institutions.

Long-term debt

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Long-term debt :				
Borrowings from financial institutions and other	¥ 4,031,105	¥ 4,118,393	¥ 87,288	2
Bonds	1,251,120	1,358,146	107,026	9
Medium-term notes	387,316	458,255	70,939	18
Payable under securitized loan receivables and other assets	63,577	30,965	(32,612)	(51)
Total long-term debt	¥ 5,733,118	¥ 5,965,759	¥ 232,641	4

Note: The total amount includes liabilities of consolidated VIEs, for which creditors (or beneficial interest holders) do not have recourse to the general credit of the Company and subsidiaries. Such liabilities as of March 31, 2025 and 2026 were ¥199,360 million and ¥142,028 million, respectively.

Long-term debt as of March 31, 2026 was ¥5,965,759 million. The ratio was 91% and 91% of total debt (excluding deposits) as of March 31, 2025 and 2026. Borrowings from financial institutions and other comprised 69% of the long-term debt as of March 31, 2026.

51% of interest paid on long-term debt in fiscal 2026 was fixed rate interest, with the remainder being floating rate interest.

For information regarding the repayment schedule of our long-term debt and interest rates for short-term and long-term debt, see Note 14 of "Item 18. Financial Statements."

We have entered into interest rate swaps and other derivative contracts to manage risk associated with fluctuations in interest rates. For information with respect to derivative financial instruments and hedging, see Note 27 of "Item 18. Financial Statements."

Deposits

	As of March 31,		Change	
	2025	2026	Amount	Percent (%)
	(Millions of yen, except percentage data)			
Deposits	¥ 2,449,812	¥ 2,625,556	¥175,744	7

Note: VIEs did not have any deposits as of March 31, 2025 and 2026.

For further information with respect to deposits, see Note 15 of "Item 18. Financial Statements."

Off-Balance Sheet Arrangements

Use of Special Purpose Entities

We periodically securitize various financial assets such as lease receivables and loan receivables. These securitizations allow us to access the capital markets, provide us with alternative sources of funding and diversify our investor base and help us to mitigate, to some extent, credit risk associated with our customers and risk associated with fluctuations in interest rates.

In the securitization process, the assets for securitization are sold to special purpose entities (hereinafter, "SPEs"), which issue asset-backed securities to investors.

We expect to continue to utilize SPEs structures for securitization of assets. For further information on our transfer of financial assets, see Note 10 of "Item 18. Financial Statements."

Investment Products

We provide investment products to our customers that employ a contractual mechanism known in Japan as a *kumiai*, which is in effect a type of SPEs. We arrange and market *kumiai* products to investors as a means to finance the purchase of aircraft, ships or other large-ticket items to be leased to third parties. A portion of the funds necessary to purchase the item is contributed by such investors, while the remainder is borrowed by the *kumiai* from one or more financial institutions in the form of a non-recourse loan. The *kumiai* investors (and any lenders to the *kumiai*) retain all of the economic risks and rewards in connection with the purchase and leasing activities of the *kumiai*, and all related gains or losses are recorded on the financial statements of investors in the *kumiai*. We are responsible for the arrangement and marketing of these products, and may act as servicer or administrator in *kumiai* transactions. Fee income for arranging and administering these transactions is recognized in our consolidated financial statements. In most *kumiai* transactions, excluding some *kumiai* and SPEs, we do not guarantee or otherwise have any financial commitments or exposure with respect to the *kumiai* or its related SPEs and, accordingly, their assets are not reflected on our consolidated balance sheet.

Other Financial Transactions

We occasionally enter into loans, equity or other investments in SPEs in connection with finance transactions related to aircraft, ships and real estate, as well as transactions involving investment funds, in addition to real estate purchases and development projects. All transactions involving use of SPEs structures are evaluated to determine whether we hold a variable interest that would result in our being defined as the primary beneficiary of the SPEs. When we are considered to own the primary beneficial interest in the SPEs, the SPEs are fully consolidated into our consolidated financial statements. In all other circumstances our loan, equity or other investments are recorded on our consolidated balance sheets as appropriate.

For further information concerning our SPEs, see Note 11 of "Item 18. Financial Statements."

Contractual Obligations

The table below sets forth the maturities of contractual cash obligations as of March 31, 2026.

	Payments due by period				
	Total	Within 1 year	1-3 years	3-5 years	After 5 years
			(Millions of yen)		
Contractual cash obligations:					
Deposits	¥2,625,556	¥1,846,727	¥ 235,039	¥ 498,521	¥ 45,269
Long-term debt	5,965,759	1,032,088	1,966,627	1,511,022	1,456,022
Unconditional purchase obligation related to lease agreements	23,487	0	23,487	0	0
Lease liabilities related to lessee leases	308,632	56,772	73,746	52,917	125,197
Unconditional noncancelable contracts for computer systems	15,780	8,029	6,741	1,010	0
Interest rate swaps:					
Notional amount (floating to fixed)	617,042	125,616	168,229	101,723	221,474
Notional amount (fixed to floating)	1,025	0	980	34	11
Total contractual cash obligations	¥9,557,281	¥3,069,232	¥2,474,849	¥2,165,227	¥1,847,973

Items excluded from the above table include short-term debt of ¥572,235 million, trade notes, accounts and other payable of ¥356,008 million and policy liabilities and policy account balances of ¥1,943,710 million as of March 31, 2026.

For information on pension plans and derivatives, see Notes 17 and 27 of "Item 18. Financial Statements." We expect to fund commitments and contractual obligations from one, some or all of our diversified funding sources depending on the amount to be funded, the time to maturity and other characteristics of the commitments and contractual obligations.

For a discussion of debt and deposit-related obligations, see Notes 14 and 15 of "Item 18. Financial Statements."

For information on lease liabilities, see Note 6 of "Item 18. Financial Statements."

We secure liquidity by holding cash and entering into committed credit facilities agreements in consideration of known contractual obligations.

CASH FLOWS

Our cash flows primarily consist of:

- cash outflows and inflows which are generated primarily from principal payments received under net investment in lease, life insurance related income and costs, costs of inventories and sales of inventories, and services income and services expense classified as cash flows from operating activities;
- cash outflows and inflows which are generated primarily from purchases of lease equipment and proceeds from sales of lease equipment, purchases of securities and proceeds from sales of securities, and originations of installment loans and principal payments received under installment loans classified as cash flows from investing activities; and
- cash outflows and inflows which are generated primarily from proceeds from short-term and long-term debt, repayment of short-term and long-term debt, and deposits due to customers classified as cash flows from financing activities.

The use of cash is heavily dependent on the volume of operating assets for new business. As new business volumes for assets such as leases and loans increase, we require more cash to meet those needs, while a decrease in new business volumes results in less use of cash and an increase in debt repayment.

For cash flow information regarding interest and income tax payments, see Note 5 of "Item 18. Financial Statements."

Year Ended March 31, 2026 Compared to Year Ended March 31, 2025

Cash, cash equivalents and restricted cash as of March 31, 2026 were ¥1,451,099 million due to an increase of ¥129,116 million compared to March 31, 2025.

Cash flows provided by operating activities were ¥1,369,567 million during fiscal 2026, up from ¥1,300,193 million during fiscal 2025. This change resulted primarily from an increase in net income and an increase in policy liabilities and policy account balances, excluding the impact of changes in policy liability discount rate.

Cash flows used in investing activities were ¥1,114,671 million during fiscal 2026, down from ¥1,309,695 million during fiscal 2025. This change resulted primarily from an increase in principal collected on installment loans and a decrease in purchases of available-for-sale debt securities.

Cash flows used in financing activities were ¥160,535 million during fiscal 2026 compared to the inflow of ¥149,322 million during fiscal 2025. This change was primarily due to repayments of debt with maturities longer than three months exceeding the amounts of proceeds and a change from an increase to a decrease in call money, partially offset by a change from a decrease to an increase in debt with maturities of three months or less.

Year Ended March 31, 2025 Compared to Year Ended March 31, 2024

Cash, cash equivalents and restricted cash as of March 31, 2025 were ¥1,321,983 million due to an increase of ¥136,676 million compared to March 31, 2024.

Cash flows provided by operating activities were ¥1,300,193 million during fiscal 2025, up from ¥1,243,402 million during fiscal 2024. This change resulted primarily from an increase in policy liabilities and policy account balances and a decrease in an increase in inventories.

Cash flows used in investing activities were ¥1,309,695 million during fiscal 2025, down from ¥1,372,803 million during fiscal 2024. This change resulted primarily from an increase in proceeds from sales and redemption of available-for-sale debt securities, partially offset by an increase in purchases of lease equipment and available-for-sale debt securities.

Cash flows provided by financing activities were ¥149,322 million during fiscal 2025 compared to the outflow of ¥85,477 million during fiscal 2024. This change was primarily due to proceeds from debt with maturities longer than three months exceeding the amounts of repayments and a change from a decrease to an increase in deposits due to customers.

COMMITMENTS FOR CAPITAL EXPENDITURES

As of March 31, 2026, we had unconditional purchase obligations related to lease agreements in the amount of ¥23,487 million. For information on commitments, guarantees and contingent liabilities, see Note 31 of "Item 18. Financial Statements."

RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

Not applicable.

TREND INFORMATION

See the discussion under "—Results of Operations" and "—Liquidity and Capital Resources."

COMMITMENTS

The table below sets forth the maturities of guarantees and other commitments as of March 31, 2026.

	Amount of commitment expiration per period				
	Total	Within 1 year	1-3 years	3-5 years	After 5 years
	(Millions of yen)				
Commitments:					
Guarantees	¥ 908,434	¥ 93,590	¥177,409	¥262,442	¥374,993
Committed credit lines and other	1,047,566	324,990	399,879	89,470	233,227
Total commercial commitments	¥1,956,000	¥418,580	¥577,288	¥351,912	¥608,220

A subsidiary in the United States is authorized to underwrite, originate, fund and service multi-family and senior housing loans without prior approval from Federal National Mortgage Association (hereinafter, "Fannie Mae") under the Delegated Underwriting and Servicing program and Federal Home Loan Mortgage Corporation (hereinafter, "Freddie Mac") under the Delegated Underwriting Initiative program. As part of these programs, Fannie Mae and Freddie Mac provide a commitment to purchase the loans.

Under these programs, the subsidiary guarantees the performance of the loans transferred to Fannie Mae and Freddie Mac and has the payment or performance risks of the guarantees to absorb some of the losses when losses arise from the transferred loans. The amount attributable to the guarantee included in the table above is ¥609,536 million as of March 31, 2026.

The subsidiary makes certain representations and warranties in connection with the sale of loans through Fannie Mae and Freddie Mac, including among others, that: the mortgage meets Fannie Mae and Freddie Mac requirements; there is a valid lien on the property; the relevant transaction documents are valid and enforceable; and title insurance is maintained on the property. If it is determined that a representation and warranty has been breached, the subsidiary may be required to repurchase the related loans or indemnify Fannie Mae and Freddie Mac for any related losses incurred. The subsidiary had no such repurchase claims during fiscal 2026.

For a discussion of commitments, guarantees and contingent liabilities, see Note 31 of "Item 18. Financial Statements."

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Note 1 of "Item 18. Financial Statements" includes a summary of the significant accounting policies used in the preparation of our consolidated financial statements. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and the possibility that future events affecting the estimates may differ significantly from management's current judgments. We consider the accounting estimates discussed in this section to be critical for us for two reasons. First, the estimates require us to make assumptions about matters that are highly uncertain at the time the accounting estimates are made. Second, different estimates that we reasonably could have used in the relevant period, or changes in the accounting estimates that are reasonably likely to occur from period to period, could have a material impact on our financial condition or results of operations. We believe the following represent our critical accounting policies and estimates.

FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, a number of significant judgments, assumptions and estimates may be required. If observable market prices are not available, we use internally-developed valuation techniques, such as discounted cash flow methodologies, to measure fair value. These valuation techniques involve determination of assumptions that market participants would use in pricing the asset or liability. This determination involves significant judgment, and the use of different assumptions and/or valuation techniques could have a material impact on our financial condition or results of operations. Significant assumptions used in measuring fair values have a pervasive effect on various estimates, such as estimates of the allowance for credit losses on real estate collateral-dependent loans, measurement of impairment of investments in securities, measurement of impairment of goodwill and other intangible assets, measurement of impairment of long-lived assets and recurring measurements of loans held for sale, investments in securities and derivative instruments.

The Company and its subsidiaries classify and prioritize inputs used in valuation techniques to measure fair value into the following three levels:

- Level 1—Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3—Unobservable inputs for the assets or liabilities.

The Company and its subsidiaries differentiate between those assets and liabilities required to be carried at fair value at every reporting period (recurring) and those assets and liabilities that are only required to be adjusted to fair value under certain circumstances (nonrecurring). We mainly measure certain loans held for sale, trading debt securities, available-for-sale debt securities, certain equity securities, derivatives, certain reinsurance recoverables in other assets, variable annuity and variable life insurance contracts in policy liabilities and policy account balances, and certain accounts payable at fair value on a recurring basis. Certain subsidiaries measure certain loans held for sale, certain foreign government bond securities and foreign corporate debt securities included in available-for-sale debt securities, certain investment funds included in equity securities, certain reinsurance contracts, and variable annuity and variable life insurance contracts at fair value on a recurring basis as they elected the fair value option.

The following table presents recorded amounts of major financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2026:

	March 31, 2026			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Millions of yen)			
Financial Assets:				
Loans held for sale	¥ 78,020	¥ 0	¥ 42,336	¥ 35,684
Available-for-sale debt securities	2,526,416	7,278	2,243,137	276,001
Equity securities	501,246	150,194	120,456	230,596
Derivative assets	154,513	676	145,850	7,987
Other assets	1,163	0	0	1,163
Total	¥3,261,358	¥158,148	¥2,551,779	¥551,431
Financial Liabilities:				
Derivative liabilities	¥ 118,061	¥ 148	¥ 117,356	¥ 557
Policy Liabilities and Policy Account Balances	138,027	0	0	138,027
Accounts Payable	15,683	0	0	15,683
Total	¥ 271,771	¥ 148	¥ 117,356	¥154,267

Compared to financial assets classified as Level 1 and Level 2, measurements of financial assets classified as Level 3 require particularly careful judgment because of their significance to the financial statements and the possibility that future events affecting the fair value measurements may differ significantly from management's current measurements.

As of March 31, 2026, financial assets measured at fair value on a recurring basis and classified as Level 3 and the percentages of total assets are as follows:

	March 31, 2026	
	Significant Unobservable Inputs (Level 3)	Percentage of Total Assets (%)
	(Millions of yen, except percentage data)	
Level 3 Assets:		
Loans held for sale	¥ 35,684	0
Available-for-sale debt securities	276,001	2
Japanese prefectural and foreign municipal bond securities	10,582	0
Corporate debt securities	118,191	1
Other asset-backed securities and debt securities	147,228	1
Equity securities	230,596	1
Investment funds	230,596	1
Derivative assets	7,987	0
Options held/written and other	7,987	0
Other assets	1,163	0
Reinsurance recoverables	1,163	0
Total Level 3 financial assets	¥ 551,431	3
Total assets	¥18,002,776	100

As of March 31, 2026, the amount of financial assets classified as Level 3 was ¥551,431 million, among financial assets that we measured at fair value on a recurring basis. Level 3 assets represent 3% of our total assets.

Investment funds, Other asset-backed securities and debt securities, and Corporate debt securities classified as Level 3 were ¥230,596 million, ¥147,228 million and ¥118,191 million respectively, as of March 31, 2026, which are 42%, 27% and 21% of total Level 3 financial assets, respectively.

Investment funds classified as Level 3 are mainly investments held by the investment companies which are owned by an Americas subsidiary, and certain investments in investment funds for which certain subsidiaries elected the fair value option. With respect to investments held by the investment companies owned by that Americas subsidiary, fair value measurement is based on market multiple valuation methods, or broker quotes. Market multiple valuation methods use earnings before interest, taxes, depreciation and amortization (EBITDA) multiples based on actual and projected cash flows, comparable peer companies, and comparable precedent transactions and others. With respect to certain investments in investment funds for which certain subsidiaries elected the fair value option, the subsidiaries measure their fair value using discounting to net asset value based on inputs that are unobservable in the market, broker quotes, or discounted cash flow methodologies. Discounted cash flow methodologies use future cash flows to be generated from investees, weighted average cost of capital (WACC) and others.

With respect to the other asset-backed securities and debt securities, we determined that due to the lack of observable trades for older vintage and below investment grade securities, we continue to limit the reliance on independent pricing service vendors and brokers. As a result, we established internally developed pricing models using valuation techniques such as discounted cash flow methodologies using Level 3 inputs in order to estimate fair value of these debt securities and classified them as Level 3. Under the models, we use anticipated cash flows of the security discounted at a risk-adjusted discount rate that incorporates our estimate of credit risk and liquidity risk that a market participant would consider. The cash flows are estimated based on a number of assumptions such as default rate and prepayment speed, as well as seniority of the security. An increase (decrease) in the discount rate or default rate would result in a decrease (increase) in the fair value of other asset-backed securities.

The corporate debt securities classified as Level 3 include a foreign convertible bond issued by AM Green (Luxembourg) S.à.r.l. It was received in conjunction with the partial sale of shares in Greenko Energy Holdings and is measured at fair value using discounted cash flow methodology to estimate the equity value as of the transaction date, then, using a pricing model based on the Monte Carlo simulation to estimate the bond's future conversion value and discounting it to the present value. The fair value measurement uses discount rates and projected cash flows based on the business plan including future sales prices and sales volumes of green ammonia for the discounted cash flow methodology, and uses discount rate and equity volatility for the pricing model based on the Monte Carlo simulation. Discount rates, equity volatility, and projected cash flows based on the business plan are unobservable inputs. An increase (decrease) in the discount rate and equity volatility and a decrease (increase) in projected cash flows based on the business plan would result in a decrease (increase) in the fair value of corporate debt securities.

In determining whether the inputs are observable or unobservable, we evaluate various factors such as the lack of recent transactions, price quotations that are not based on current information or vary substantially over time or among market makers, a significant increase in implied risk premium, a wide bid-ask spread, significant decline in new issuances, little or no public information (e.g., a principal-to-principal market) and other factors.

For more discussion, see Note 2 of "Item 18. Financial Statements."

ESTIMATING THE FAIR VALUE OF ASSETS ACQUIRED AND LIABILITIES ASSUMED IN A BUSINESS COMBINATION

The Company and its subsidiaries account for business combinations using the acquisition method. Under this method, the Company and its subsidiaries recognize and measure the identifiable assets acquired and liabilities assumed at their fair values as of the acquisition date, which is the date on which control is obtained. Intangible assets acquired in a business combination are recognized separately from goodwill if they meet either the contractual legal criterion or the separability criterion. Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of any noncontrolling interests over the net fair value of the identifiable assets acquired and liabilities assumed. A bargain purchase gain is recognized when the net fair value of the identifiable assets acquired and liabilities assumed exceeds the consideration transferred and the fair value of any noncontrolling interests.

The determination of the fair values of identifiable assets acquired and liabilities assumed requires management to make significant judgments, estimates, and assumptions. When observable market prices for intangible assets are not available, the Company and its subsidiaries use valuation techniques such as the excess earnings method and the relief from royalty method. These valuation techniques require assumptions relating to future revenue growth, operating margins, and discount rates. Changes in these assumptions or the use of different valuation techniques could have a material impact on the Company and its subsidiaries' financial position and results of operations.

Although management believes the assumptions and valuation methodologies used are reasonable, actual results may differ due to changes in economic conditions, which could require revisions to estimates and assumptions and materially affect the Company and its subsidiaries' financial position and results of operations.

ALLOWANCE FOR CREDIT LOSSES

We estimate credit losses expected to occur in future over the remaining life of financial assets, and allowance for credit losses is recognized. This evaluation process is subject to management's estimates and judgments. The estimate made in determining the allowance for credit losses is a critical accounting estimate for all of our segments.

In developing the allowance for credit losses, we consider, among other things, the following factors:

- business characteristics and financial conditions of obligors;
- prior charge-off experience;
- current delinquencies and delinquency trends;
- value of underlying collateral and guarantees; and
- current economic and business conditions and expected outlook in the future.

There are two methods for estimating the allowance for credit losses; collective evaluation and individual evaluation. We also recognize allowances for off-balance sheet credit exposures.

Collective evaluation

When certain financial assets have similar risk characteristics to other financial assets, we collectively evaluate these financial assets as a pool. The forecasted future economic indicators correlated with the prior charge-off experience are reflected in the estimate of the allowance for credit losses. Economic indicators correlated with prior charge-off experience are determined over a reasonable and supportable forecasted period. Economic indicators include GDP growth rates, consumer price indices, unemployment rates, and government bond interest rates. We also consider forward-looking scenarios of how the selected economic indicators will change in the future. We use the latest economic forecasts available from economic reports published by governments and central banks, as well as from third-party information providers as economic indicators.

Individual evaluation

When financial assets do not have similar risk characteristics to other financial assets, we evaluate individually the financial assets. In the individual assessment the allowance for credit losses is estimated individually based on the present value of expected future cash flows, and the observable market price or the fair value of the collateral if the financial assets are collateral-dependent.

For non-recourse loans and purchased loans, in principle, the estimated collectible amount is determined based on the fair value of the real estate collateral securing the loans as they are real estate collateral-dependent. Further for certain non-recourse loans and purchased loans the estimated collectible amount is determined based on the present value of expected future cash flows.

The fair value of the real estate collateral securing the loans is determined using appraisals prepared by independent third-party appraisers or our own staff of qualified appraisers based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flows methodologies using future cash flows estimated to be generated from operation of the existing assets or completion of development projects, as appropriate. We generally obtain a new appraisal once a fiscal year. In addition, we periodically monitor circumstances of the real estate collateral and then obtain a new appraisal in situations involving a significant change in economic and/or physical conditions which may materially affect its fair value.

We charge off doubtful receivables when the likelihood of any future collection is believed to be minimal considering debtor's creditworthiness and the liquidation status of collateral.

Allowance for off-balance sheet credit exposures

If the entity has a present contractual obligation to extend credit and the obligation is not unconditionally cancelable by the entity, credit losses related to the loan commitments of installment loans and financial guarantees are in the scope of the allowance for credit losses.

For loan commitments of installment loans, credit losses are recognized on the loan commitments for the portion expected to be drawn.

For financial guarantees, the allowance is recognized for the contingent obligation which generates credit risk exposures.

The allowance for off-balance sheet credit exposures is measured using the same measurement methodologies as the allowance for loans and net investment leases, considering quantitative and qualitative factors including historical loss experience, current economic and business conditions and reasonable and supportable forecasts.

The allowance for these off-balance sheet credit exposures is recorded in other liabilities on the consolidated balance sheets.

While management considers the allowance to be adequate based on currently available information, additional provisions may be required due to future uncertain events and factors.

IMPAIRMENT OF INVESTMENT IN SECURITIES

We make decisions about impairment of investment in debt securities other than trading and investment in equity securities elected for the measurement alternative as follows.

As for impairment of available-for-sale debt securities, if the fair value is less than the amortized cost, the debt securities are impaired. We identify per each impaired security whether the decline of fair value is due to

credit losses component or non-credit losses component. Impairment related to credit losses is recognized in earnings through an allowance for credit losses. Impairment related to other factors than credit losses is recognized in other comprehensive income (loss), net of applicable income taxes. In estimating an allowance for credit losses, we consider that credit losses exist when the present value of estimated cash flows is less than the amortized cost basis. When we intend to sell the debt securities for which an allowance for credit losses is previously established or it is more likely than not that we will be required to sell the debt securities before recovery of the amortized cost basis, the allowance for credit losses is fully written off and the amortized cost is reduced to the fair value after recognizing additional impairment in earnings. In addition, we recognize in earnings the full difference between the amortized cost and the fair value of the debt securities by direct write-down, without any allowance for credit losses, if the debt securities are expected to be sold and the fair value is less than the amortized cost.

In assessing whether available-for-sale debt securities are impaired, we consider all available information relevant to the collectability of the debt security, including but not limited to the following factors:

- the extent to which the fair value is less than the amortized cost basis;
- continuing analysis of the underlying collateral, age of the collateral, business climate, economic conditions and geographical considerations;
- trends in delinquencies and charge-offs;
- payment structure and subordination levels of the debt security; and
- changes to the rating of the security by a rating agency.

For equity securities elected for the measurement alternative, we determine that the investment shall be written down to its fair value with losses included in income if a qualitative assessment indicates that the investment is impaired and the fair value of the investment is less than its carrying value.

In assessing whether equity securities elected for the measurement alternative are impaired, we make a qualitative assessment considering impairment indicators, including but not limited to the following factors:

- a significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the investee;
- a significant adverse change in the regulatory, economic, or technological environment of the investee;
- a significant adverse change in the general market condition of either the geographical area or the industry in which the investee operates;
- a bona fide offer to purchase, an offer by the investee to sell, or a completed auction process for the same or similar investment for an amount less than the carrying amount of that investment; and
- factors that raise significant concerns about the investee's ability to continue as a going concern, such as negative cash flows from operations, working capital deficiencies, or noncompliance with statutory capital requirements or debt covenants.

Determinations of whether investments in securities are impaired often involve estimating the outcome of future events that are highly uncertain at the time the estimates are made. Management judges whether there are any facts that an impairment loss should be recognized, based primarily on objective factors.

If the financial condition of an investee deteriorates, its forecasted performance is not met or actual market conditions are less favorable than those projected by management, we may charge against income additional losses on investment in securities.

The accounting estimates relating to impairment of investment in securities could affect all segments.

IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

We perform an impairment test for goodwill and any indefinite-lived intangible assets at least annually. Additionally, if events or changes in circumstances indicate that the asset might be impaired, we test for impairment whenever such events or changes occur.

We have the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount before we perform a quantitative goodwill impairment test. We perform the qualitative assessment for some goodwill but bypass the qualitative assessment and proceed directly to the quantitative goodwill impairment test for other goodwill. For the goodwill for which the qualitative assessment is performed, if, after assessing the totality of events or circumstances, we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then we do not perform the quantitative goodwill impairment test. However, if we conclude otherwise or determine to bypass the qualitative assessment, we proceed to perform the quantitative goodwill impairment test. The quantitative goodwill impairment test calculates the fair value of the reporting unit and compares the fair value with the carrying amount of the reporting unit. If the fair value of the reporting unit falls below its carrying amount, an impairment loss is recognized in an amount equal to the difference. We test the goodwill at the reporting unit which is either the same level as an operating segment or one level below an operating segment.

We have the option to perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired before we perform a quantitative impairment test. We perform the qualitative assessment for some indefinite-lived intangible assets but bypass the qualitative assessment and perform the quantitative impairment test for other indefinite-lived intangible assets. For those indefinite-lived intangible assets for which the qualitative assessment is performed, if, after assessing the totality of events and circumstances, we conclude that it is not more likely than not that the indefinite-lived intangible asset is impaired, then we do not perform the quantitative impairment test. However, if we conclude otherwise or determine to bypass the qualitative assessment, we calculate the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test. We compare the fair value with the carrying amount of the indefinite-lived intangible asset. If the carrying amount of the indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Intangible assets with finite lives are amortized over their useful lives and tested for impairment. The Company and its subsidiaries perform a recoverability test for the intangible assets whenever events or changes in circumstances indicate that the assets might be impaired. The intangible assets are considered not recoverable when the undiscounted future cash flows estimated to be generated by those assets are less than the carrying amount of those assets, and the net carrying amount of assets not recoverable is reduced to fair value if lower than the carrying amount and an impairment loss is recognized in an amount equal to the difference.

The fair value of a reporting unit under the quantitative goodwill impairment test is determined by estimating the outcome of future events and assumptions made by management. Similarly, estimates and assumptions are used in determining the fair value of any intangible assets. When necessary, we refer to an evaluation by a third party in determining the fair value of a reporting unit; however, such determinations are often made by using discounted cash flows analyses performed by us. This approach uses numerous estimates and assumptions, including projected future cash flows of a reporting unit, discount rates reflecting the inherent risk, and growth rates. For example, determining the fair value of an asset management contract included in intangible assets involves the estimated balances of assets under management, including the amounts of inflows and outflows related to the underlying investment funds that provide the asset management service, and estimates and assumptions regarding the WACC. Management believes that the assumptions used in estimating fair value used to determine impairment are reasonable, but we may charge additional losses to income if actual cash flows or any items which affect a fair value are less favorable than those projected by management due to economic conditions or our own risk in the reporting unit.

The accounting estimates relating to impairment of goodwill and any intangible assets could affect all segments.

IMPAIRMENT OF LONG-LIVED ASSETS

We periodically perform an impairment review for long-lived assets held and used in operations, including tangible assets, intangible assets being depreciated or amortized, and real estate development projects, consisting primarily of office buildings, condominiums, aircraft, ships, mega solar facilities and other properties under facility operations. The assets are tested for recoverability whenever events or changes in circumstances indicate that those assets might be impaired, including, but not limited to, the following:

- significant decline in the market value of an asset;
- significant deterioration in the usage range and method, or physical condition, of an asset;
- significant deterioration of legal regulatory or business environments, including an adverse action or assessment by a relevant regulator;
- acquisition and construction costs substantially exceeding estimates;
- continued operating loss or actual or potential loss of cash flows; or
- potential loss on a planned sale.

When we determine that assets might be impaired based upon the existence of one or more of the above factors or other factors, we estimate the future cash flows expected to be generated by those assets. For example, we estimate the future cash flows expected to be generated by aircraft mainly based on the underlying operating lease contracts and the appraisals obtained from independent third-party appraisers. Our estimates of the future cash flows are based upon historical trends adjusted to reflect our best estimate of future market and operating conditions. Our estimates also include the expected future periods in which future cash flows are expected. As a result of the recoverability test, when the sum of the estimated future undiscounted cash flows expected to be generated by those assets is less than its carrying amount, and when its fair value is less than its carrying amount, we determine the amount of impairment based on the fair value of those assets.

If the asset is considered impaired, an impairment charge is recorded for the amount by which the carrying amount of the asset exceeds fair value. We determine the fair value using appraisals prepared by independent third-party appraisers or our own staff of qualified appraisers, and others based on recent transactions involving sales of similar assets or other valuation techniques, as appropriate. Although management believes that the expected future cash flows and the calculations of fair value used to determine impairment are reasonable, if actual market and operating conditions under which assets are operated are less favorable than those projected by management, resulting in lower expected future cash flows or shorter expected future periods to generate such cash flows, additional impairment charges may be required. In addition, changes in estimates resulting in lower fair values due to unanticipated changes in business or operating assumptions could adversely affect the valuations of long-lived assets.

The accounting estimates relating to impairment of long-lived assets could affect all segments.

UNGUARANTEED RESIDUAL VALUE FOR FINANCE LEASES AND OPERATING LEASES

We estimate unguaranteed residual values of leased equipment (such as automobiles, office equipment, etc.) when we calculate unearned lease income to be recognized as income over the lease term for finance leases and when we calculate depreciation amounts for operating leases that carry inherently higher obsolescence and resale risks. Our estimates are based upon current market values of used equipment and estimates of when and how much equipment will become obsolete, and actual recovery being experienced for similar used equipment. If actual demand for re-lease or actual market conditions of used equipment is less favorable than that projected by management, write-downs of unguaranteed residual value may be required.

The accounting estimates relating to unguaranteed residual value for finance leases and operating leases affect mainly the Corporate Financial Services and Maintenance Leasing segment, and the Asia and Australia segment.

INSURANCE POLICY LIABILITIES AND DEFERRED POLICY ACQUISITION COSTS

Certain subsidiaries write life insurance policies to customers. The policies are classified as long-duration contracts and mainly consist of whole life, term life, endowments, medical insurance and individual annuity insurance contracts. The calculation of liabilities for future policy benefits other than single-payment whole life insurance and individual annuities is computed using the same contract groupings (also referred to as cohorts) by policy year, currency, payment method (full term payment or limited payment) and product category and the liabilities for future policy benefits are computed using the net level premium method based on expected future policy benefit payments. A liability is recorded for the present value of expected future policy insurance benefits to be paid and certain related costs, less the present value of expected future net premium to be earned, at the time the premium revenue is recognized. For limited payment contracts, the excess of gross premiums received over net premium is recorded as a deferred profit liability.

The liabilities for future policy benefits are measured using assumptions such as mortality, morbidity, lapse, expense and discount rates. These assumptions are determined based on historical experience, industry data and other factors. Certain subsidiaries review and update future cash flow assumptions at least annually except for expense assumptions. Certain subsidiaries elected to lock in and not to update expense assumptions after expense assumptions are determined based on the most recent actual results at the time of contract issuance. The net premium ratios for calculating the liabilities for future policy benefits are also updated quarterly by cohort, reflecting actual cash flows. Certain subsidiaries remeasure the liabilities for future policy benefits using the updated net premium ratios as of the beginning of the reporting period in which the assumptions are updated and record the change from the remeasurement as gains or losses. For periods subsequent to the remeasurement, certain subsidiaries calculate the liabilities for future policy benefits using updated net premium ratios. If net premiums exceed gross premiums, the liabilities for future policy benefits are increased and the excess is recognized immediately in earnings.

Certain subsidiaries use a yield curve based on the yields on single-A rated fixed-income instruments as upper-medium grade fixed-income instrument yields with durations similar to the liabilities for future policy benefits to determine discount rate assumptions. The yields on single-A rated fixed-income instruments are referenced in the index provided by a third-party pricing vendor. The discount rate assumptions are updated quarterly and are used for remeasurement of the liability at the reporting date. Changes in the liabilities for future policy benefits resulting from updates of discount rate assumptions are recognized in other comprehensive income (loss), net of applicable income tax. For periods beyond the observable period of the referenced index, the discount rate yield curve beyond the observable period of the referenced index is interpolated to the ultimate forward rate using the Smith-Wilson method.

Certain subsidiaries elected the fair value option for the entire variable annuity and variable life insurance contracts with changes in the fair value recognized in earnings. The changes in fair value of the variable annuity and variable life insurance contracts are linked to the fair value of the investment in securities managed on behalf of variable annuity and variable life policyholders. Additionally, certain subsidiaries provide minimum guarantees to variable annuity and variable life policyholders under which it is exposed to the risk of compensating losses incurred by the policyholders to the extent contractually required. Therefore, certain subsidiaries adjust the fair value of the underlying investments by incorporating changes in fair value of the minimum guarantee risk in the evaluation of the fair value of the entire variable annuity and variable life insurance contracts. The fair value of the minimum guarantee risk is measured using discounted cash flow methodologies based on discount rates, mortality, lapse rates, annuitization rates and other factors.

Certain subsidiaries ceded a portion of their minimum guarantee risk related to variable annuity and variable life insurance contracts to reinsurance companies in order to mitigate the risk and elected the fair value option for

the reinsurance contracts. In addition, we economically hedge risks that are not covered by reinsurance. The reinsurance contracts do not relieve certain subsidiaries from the obligation as the primary obligor to compensate certain losses incurred by the policyholders, and the default of the reinsurance companies may impose additional losses on certain subsidiaries.

Policy liabilities and policy account balances for single-payment whole life insurance and fixed annuity insurance contracts are measured based on the single-premiums plus interest based on expected rate, less withdrawals, expenses and other charges.

Certain costs related directly to the successful acquisition of new or renewal insurance contracts are deferred. Deferred policy acquisition costs consist primarily of agent commissions, except for policy maintenance costs, and underwriting expenses. For amortization of deferred policy acquisition costs, insurance contracts are grouped by contract year, currency, payment method (full term payment or limited payment) and product category, using the same contract groupings for the calculation of the liabilities for future policy benefits. Insurance contracts for which the liabilities for future policy benefits are not calculated are grouped by policy year, currency, and product category. Deferred policy acquisition costs are amortized at constant-level basis for each cohort over the expected term of the policies.

For all cohorts, the number of policies in force for the amortization of deferred policy acquisition costs is projected using mortality and lapse rates estimated based on historical experience, industry data and other factors, which are consistent with those assumptions used for calculating the liabilities for future policy benefits. When mortality and lapse rates are updated, the effects on the amortization of deferred policy acquisition costs are derived by updating the projected number of policies in force and recognized prospectively over the expected term of the policies.

If certain reinsurance commissions (income) corresponding to costs related directly to the successful acquisition of new or renewal insurance contracts are incurred, they are similarly deferred and amortized in accordance with U.S. GAAP at a constant level over the expected insurance period, and deducted from the unamortized balance of deferred acquisition costs related to the contracts subject to the reinsurance contract.

The accounting estimates relating to insurance policy liabilities and deferred policy acquisition costs affect the Insurance segment.

Although management believes that these estimates relating to insurance policy liabilities and deferred policy acquisition costs are reasonable, they could be affected by future changes in uncertain economic conditions etc., which could require revisions to assumptions, which could have a material impact on the financial position and results of operations of the Company and its subsidiaries.

ASSESSING HEDGE EFFECTIVENESS

We use foreign currency swap agreements, interest rate swap agreements and foreign exchange contracts for hedging purposes and apply fair value hedge, cash flow hedge or net investment hedge accounting to measure and account for subsequent changes in their fair value.

To qualify for hedge accounting, details of the hedging relationship are formally documented at the inception of the arrangement, including the risk management objective, hedging strategy, hedged item, specific risks that are to be hedged, the derivative instrument and how effectiveness is being assessed. Derivatives for hedging purposes must be highly effective in offsetting either changes in fair value or cash flows, as appropriate, for the risk being hedged and effectiveness needs to be assessed at the inception of the relationship.

Hedge effectiveness is assessed quarterly on a retrospective and prospective basis. If specified criteria for the assumption of effectiveness are not met at hedge inception or upon quarterly testing, then hedge accounting is discontinued. To assess effectiveness, we use techniques including regression analysis and the cumulative dollar offset method.

The accounting estimates used to assess hedge effectiveness could affect mainly the Insurance segment and the Asia and Australia segment.

PENSION PLANS

The determination of our projected benefit obligation and expense for our employee pension benefits is mainly dependent on the size of the employee population, actuarial assumptions, expected long-term rate of return on plan assets and the discount rate used in the accounting.

Pension expense is directly related to the number of employees covered by the plans. Increased employment through internal growth or acquisition would result in increased pension expense.

In estimating the projected benefit obligation, actuaries make assumptions regarding mortality rates, turnover rates, retirement rates and rates of compensation increase. Actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, affect expense in future periods.

We determine the expected long-term rate of return on plan assets annually based on the composition of the pension asset portfolios and the expected long-term rate of return on these portfolios. The expected long-term rate of return is designed to approximate the long-term rate of return actually earned on the plans' assets over time to ensure that funds are available to meet the pension obligations that result from the services provided by employees. We use a number of factors to determine the reasonableness of the expected rate of return, including actual historical returns on the asset classes of the plans' portfolios and independent projections of returns of the various asset classes.

We use March 31 as a measurement date for our pension assets and projected benefit obligation balances under all of our material plans. If we were to assume a 1% increase or decrease in the expected long-term rate of return, holding the discount rate and other actuarial assumptions constant, pension expense for fiscal 2026 would decrease or increase, respectively, by approximately ¥3,252 million.

Discount rates are used to determine the present value of our future pension obligations. The discount rates are reflective of rates available on long-term, high-quality fixed-income debt instruments with maturities that closely correspond to the timing of defined benefit payments. Discount rates are determined annually on the measurement date.

If we were to assume a 1% increase in the discount rate, and keep the expected long-term rate of return and other actuarial assumptions constant, pension expense for fiscal 2026 would decrease by approximately ¥1,774 million. If we were to assume a 1% decrease in the discount rate, and keep other assumptions constant, pension expense for fiscal 2026 would increase by approximately ¥1,153 million.

While we believe the estimates and assumptions used in our pension accounting are appropriate, differences in actual results or changes in these assumptions or estimates could adversely affect our pension obligations and future expenses.

INCOME TAXES

In preparing the consolidated financial statements, we make estimates relating to income taxes of the Company and its subsidiaries in each of the jurisdictions in which we operate. The process involves estimating our actual current income tax position together with assessing temporary differences resulting from different treatment of items for income tax reporting and financial reporting purposes. Such differences result in deferred tax assets and liabilities, which are included within the consolidated balance sheets. We must then assess the likelihood of whether our deferred tax assets will be recovered from future taxable income, and, to the extent we believe that realizability is not more likely than not, we must establish a valuation allowance. When we establish a valuation allowance or increase this allowance during a period, we must include an expense within the provision for income taxes in the consolidated statements of income.

Significant management judgments are required in determining our provision for income taxes, current income taxes, deferred tax assets and liabilities and any valuation allowance recorded against our deferred tax assets. We file tax returns in Japan and certain foreign tax jurisdictions and recognize the financial statement effects of a tax position taken or expected to be taken in a tax return when it is more likely than not, based on the technical merits, that the position will be sustained upon tax examination, including resolution of any related appeals or litigation processes, and measure tax positions that meet the recognition threshold at the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with the taxing authority. Management judgments, including the interpretations about the application of the complex tax laws of Japan and certain foreign tax jurisdictions, are required in the process of evaluating tax positions; therefore, these judgments may differ from the actual results. We have recorded a valuation allowance due to uncertainties about our ability to utilize certain deferred tax assets, primarily certain tax loss carryforwards, before they expire. The valuation allowance is primarily recognized for deferred tax assets of consolidated subsidiaries with tax loss carryforwards. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and tax loss carryforwards are utilizable. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax-planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that all of the deferred tax assets, net of the valuation allowance, will be realized. The valuation allowance is based on our estimates of taxable income by jurisdiction in which we operate and the period over which our deferred tax assets will be recoverable. If actual results differ from these estimates or if we adjust these estimates in future periods, we may need to establish additional valuation allowances, which could materially impact the consolidated financial position and results of operations.

DISCUSSION WITH AND REVIEW BY THE AUDIT COMMITTEE

Our management discussed the development and selection of important accounting policies, including accounting estimate of particular importance with our Audit Committee.

FAIR VALUE OF INVESTMENT AND RENTAL PROPERTY

We own real estate such as rental office buildings, rental logistics centers, rental commercial facilities other than office buildings, rental condominiums and land which is utilized for development as operating leases. A large portion of our real estate held for investment and rental is located around major cities in Japan such as Tokyo. The following table sets forth the carrying amount of investment and rental property as of the beginning and end of fiscal 2026, as well as the fair value as of the end of fiscal 2026.

Year ended March 31, 2026			
Carrying amount [*1]			
Balance at April 1, 2025	Change amount	Balance at March 31, 2026	Fair value at March 31, 2026 [*2]
(Millions of yen)			
¥388,415	¥65,806	¥454,221	¥539,678

[*1] Carrying amounts are stated as cost less accumulated depreciation and accumulated impairment loss.

[*2] Fair value is either obtained from appraisal reports by external qualified appraisers, calculated by internal appraisal department in accordance with "Real estate appraisal standards," or calculated by other reasonable internal calculation utilizing similar methods.

Investment and rental property revenue and expense for fiscal 2026 were as follows:

Year Ended March 31, 2026		
Revenue*1	Expense*2	Net
(Millions of yen)		
¥65,337	¥35,492	¥29,845

*1 Revenue consists of revenue from leases and gains on sales of real estate under operating leases. Revenue from leases is composed of real estate-related revenues from "Operating leases" and "Life insurance premiums and related investment income."

*2 Expense consists of costs related to the above revenue such as rental payment, depreciation expense, repair cost, insurance cost, tax and duty which are included in "Costs of operating leases," and "Write-downs of long-lived assets."

RECENT DEVELOPMENTS

NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In November 2024, Accounting Standards Update 2024-03 ("Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures"—(Subtopic 220-40)) was issued, and related update clarifying effective date was issued thereafter. This update requires that entities disclose purchases of inventory, employee compensation, depreciation, intangible asset amortization and depletion for each income statement line item that contains those expenses. It also requires specified expenses, gains or losses that are already disclosed under existing U.S. GAAP to be included in the disclosure of the relevant expense captions, and any remaining amounts to be described qualitatively. Additionally, separate disclosures of total selling expenses and their definition are also required. This update is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027, and early adoption is permitted. This update will either be applied prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. The Company and its subsidiaries will adopt this update on April 1, 2027, for annual disclosure and on April 1, 2028, for interim disclosure. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' disclosures.

In November 2024, Accounting Standards Update 2024-04 ("Induced Conversions of Convertible Debt Instruments"—Subtopic 470-20 ("Debt—Debt with Conversion and Other Options")) was issued. This update clarifies the application requirements for accounting treatment when conversions are induced by incentives. The update is effective for fiscal years and interim periods beginning after December 15, 2025, with early adoption permitted. Entities may elect either to apply the update retrospectively to all prior periods presented or prospectively from the date of adoption. The Company and its subsidiaries plan to adopt this update prospectively on April 1, 2026. The Company does not expect the adoption of this update to have a material impact on its results of operations, financial position, or disclosures.

In May 2025, Accounting Standards Update 2025-03 ("Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity"—ASC 805 ("Business Combinations"), ASC 810 ("Consolidation")) was issued. This update requires an entity involved in an acquisition transaction effected primarily by exchanging equity interests when the legal acquiree is a VIE that meets the definition of a business to consider the factors in the guidance of Subtopic 805-10 ("Business Combinations—Overall") to determine which entity is the accounting acquirer. This update is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. This update requires that an entity apply the new guidance prospectively to any acquisition transaction that occurs after the initial application date. The

Company and its subsidiaries will adopt this update on April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position.

In May 2025, Accounting Standards Update 2025-04 ("Clarifications to Share-Based Consideration Payable to a Customer"—ASC 718 ("Compensation—Stock Compensation"), ASC 606 ("Revenue from Contracts with Customers")) was issued. This update revised the definition of the term performance conditions for share-based consideration payable to a customer, including conditions based on the volume or monetary amount of a customer's purchase of goods or services. When share-based consideration payable to a customer included service conditions, it eliminated the policy election permitting the entity to account for forfeitures as they occur, and the entity is required to estimate the number of forfeitures expected to occur. Additionally, it clarifies that share-based consideration payable to a customer is not subject to the constraint on estimates of variable consideration in ASC 606. This update is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. This update will either be applied using a modified retrospective approach, with a cumulative-effect adjustment to retained earnings as of the fiscal year of adoption, or retrospectively to all prior periods presented in the financial statements. The Company and its subsidiaries will adopt this update on April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

In July 2025, Accounting Standards Update 2025-05 ("Measurement of Credit Losses for Accounts Receivable and Contract Assets"—ASC 326 ("Financial Instruments—Credit Losses")) was issued. This update revised the guidance for estimating expected credit losses on trade receivables and contract assets arising from transactions within the scope of ASC 606, Revenue from Contracts with Customers. The amendments allow all entities to apply a practical expedient when developing reasonable and supportable forecasts for credit loss estimates. Under this expedient, entities may assume that the economic conditions existing as of the reporting date will remain unchanged over the remaining life of the financial asset. Nevertheless, entities are required to adjust historical loss information to reflect current conditions if those conditions differ from those in the historical data. This update is effective for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years. Early adoption is permitted. This update requires that an entity apply the new guidance prospectively. The Company and its subsidiaries will adopt this update on April 1, 2026. The Company and its subsidiaries expect that the adoption of this update will have no material impact on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

In September 2025, Accounting Standards Update 2025-06 ("Targeted Improvements to the Accounting for Internal-Use Software"—Subtopic 350-40 ("Intangibles—Goodwill and Other—Internal-Use Software")) was issued. This update eliminates accounting consideration of software project stages and requires capitalization to begin when management has authorized and committed to funding the software project and it is probable that the project will be completed and the software will be used to perform the function intended. This update also requires that capitalized internal-use software costs are subject to the disclosure requirements under Subtopic 360-10 ("Property, Plant, and Equipment"), regardless of how such those costs are presented in the financial statements. Furthermore, it also modifies the website development costs guidance by eliminating Subtopic 350-50 and relocating any remaining relevant guidance into Subtopic 350-40. This update is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years. Early adoption is permitted. This update will either be applied to a prospective transition approach, a modified transition approach, under which a cumulative-effect adjustment is recognized in retained earnings as of the beginning of the adoption period, or retrospectively to all prior periods presented in the financial statements. The Company and its subsidiaries will adopt this update on April 1, 2028. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations, financial position, and disclosures.

In October 2025, Accounting Standards Update 2025-08 ("Purchased Loans: Financial Instruments—Credit Losses"—ASC 326 ("Financial Instruments—Credit Losses")) was issued. This update broadens the population of financial assets that are within the scope of the gross-up approach under ASC 326 to include purchased seasoned loans that are not considered purchased credit-deteriorated assets. This update is effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted. This update requires that an entity apply prospectively to loans that are acquired on or after the initial application date. The Company and its subsidiaries will adopt this update on April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

In November 2025, Accounting Standards Update 2025-09 ("Hedge Accounting Improvements"—ASC 815 ("Derivatives and Hedging")) was issued. This update expands the scope of hedge accounting in the following five areas. (1) This update expands the hedged risks permitted to be aggregated in a group of individual forecasted transactions in a cash flow hedge. (2) This update provides a model to facilitate the application of cash flow hedge accounting to forecasted interest payments on choose-your-rate debt instruments. (3) This update permits an entity to designate the variability in cash flows attributable to changes in a variable price component of a forecasted purchase or sale of a nonfinancial asset as the hedged risk, provided that the component is clearly and closely related to the nonfinancial asset being purchased or sold. (4) This update eliminates the requirement to apply the net written option test to a compound derivative comprising a swap and a written option designated as the hedging instrument of interest rate risk. (5) The amendments require that an entity exclude the debt instrument's fair value hedge basis adjustment from the net investment hedge effectiveness assessment and recognize in earnings the gains and losses from the remeasurement of the debt instrument's fair value hedge basis adjustment at the spot exchange rate. This update is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. This update requires that an entity apply the new guidance prospectively for all hedging relationships and permits an entity to elect to apply it to hedging relationships that exist as of the date of adoption. The Company and its subsidiaries will adopt this update on April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

In December 2025, Accounting Standards Update 2025-10 ("Accounting for Government Grants Received by Business Entities"—ASC 832 ("Government Assistance")) was issued. This update establishes authoritative guidance on the recognition, measurement, presentation and disclosure of government grants received by business entities. This update requires an entity to recognize a government grant only when it is probable that the entity will both comply with the conditions attached to the grant and the grant will be received, and when the related expenses or costs have been incurred. This update provides specific accounting models for grants related to assets and grants related to income. For grants related to assets, it permits an entity to either recognize government grants as deferred income or as an adjustment to the carrying amount of the asset. For grants related to income, it requires an entity to recognize the grant in earnings over the periods in which the entity recognizes the related costs as expenses, which the grant is intended to compensate. It also requires additional disclosures regarding the nature of government grants, significant terms and conditions, accounting policies applied, and amounts recognized in the financial statements. This update is effective for fiscal years beginning after December 15, 2028, including interim periods within those fiscal years. Early adoption is permitted. This update will be applied using either a modified prospective approach for government grants entered into on or after the effective date, a modified retrospective approach for government grants entered into on or after the beginning of the earliest period presented, or a retrospective approach for all government grants. The Company and its subsidiaries will adopt this update on April 1, 2029. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations, financial position, as well as disclosures.

In April 2026, Accounting Standards Update 2026-01 ("Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock"—ASC 505 ("Equity")) was issued. This update requires an entity that paid-in-kind dividends on equity-classified preferred stock be initially measured on the basis of the paid-in-kind dividend rate stated in the preferred stock agreement. This update is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. This update will either be applied prospectively to paid-in-kind dividends recognized on preferred stock on or after the initial application date, or retrospectively to paid-in-kind dividends recognized on preferred stock outstanding as of the initial application date for all prior periods presented in the financial statements. The Company and its subsidiaries will adopt this update from April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

In May 2026, Accounting Standards Update 2026-02 ("Environmental Credits and Environmental Credit Obligations"—ASC 818) was issued. This update establishes new accounting guidance on the recognition, measurement, presentation, and disclosure of environmental credits generated, purchased, or received by an entity, as well as environmental credit obligations arising from regulatory compliance requirements related to the prevention, control, reduction, or removal of emissions or other pollution. This update requires that environmental credits that are probable of being used to settle environmental credit obligations, or of transfer in exchange transactions or of use in a nonreciprocal transfer, be recognized as assets at cost, while costs to obtain all other environmental credits be recognized as an expense when incurred. In addition, among the environmental credits recognized as assets, those expected to be used to settle such obligations are subsequently measured at cost, whereas other environmental credits are subject to impairment testing at the end of each reporting period, with impairment losses recognized to the extent that the carrying amount exceeds fair value. This update requires the recognition of liabilities for environmental credit obligations arising from regulatory compliance requirements existing at the reporting date. Such obligations are measured based on the carrying amount of environmental credits held and expected to be used for settlement, or, if such credits are not held, based on the fair value of the environmental credits required to settle the obligation. This update is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years. Early adoption is permitted. This update requires a modified retrospective approach, with a cumulative effect adjustment to retained earnings as of the fiscal year of adoption. The Company and its subsidiaries will adopt this update on April 1, 2028. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

RISK MANAGEMENT

Group-Wide Risk Management System

Risk Management System

The allocation of management resources within ORIX Group is conducted taking into consideration group-wide risk preferences determined by management and the business strategies of individual business units. We have established our risk management system to appropriately recognize risks relating to Group businesses on a global scale, to realize allocations of management resources that are appropriate for the risks we face and report such risks to the Board of Directors, the Audit Committee of the Board of Directors, the Executive Committee, and other internal committees as the situation warrants. The Board of Directors and executive bodies comprehensively evaluate the performance of business units and the characteristics of the risks they face and implement necessary measures in response thereto. Through this process, we are able to control our balance sheet, allocate additional management resources to business units with strong potential for growth, and work together with internal control-related functions to analyze and manage risks. The internal audit department conducts internal audits focusing on important risks of the ORIX Group based on the annual internal audit plan.

The risk management system has been adopted by the board of directors as a part of our internal control system. The status of the operation of such internal control system is examined and reported to the board of directors annually. For descriptions of our Board of Directors, Audit Committee, Executive Committee and other internal committees, see "Item 6. Directors, Senior Management and Employees—Corporate Governance System."

Management of Principal Risks

We recognize the following risks as principal risks: credit risk, business risk, market risk, liquidity risk (risk relating to funding), compliance risk, legal risk, information / cybersecurity risk and IT risk, operational risk and other risks, and external environment-related risk. Each of these risks is managed according to its characteristics.

Credit Risk Management

Our fundamental approach in analyzing credit risk is to evaluate factors such as the adequacy of collateral and guarantees, and the diversification of our customers' industries and businesses. A comprehensive customer credit evaluation is typically conducted based on the customer's financial position, cash flows, underlying security interests, profitability and other factors pertaining to individual credit transactions.

By conducting portfolio analysis and implementing measures to establish appropriate credit limits, we control our exposure in potentially higher risk markets.

We recognize that certain assets require extra monitoring of debtors, credit extended to debtors who have petitioned for bankruptcy, civil rehabilitation or other insolvency proceedings, debtors whose bank transactions have been suspended, bills have been dishonored, or debts that have not been collected for three months or more. The relevant business units, in cooperation with the credit department, take measures to secure collateral or other guarantees and to begin the collection process. All information and knowledge gathered from the collection process, starting from the initial demand to the foreclosure of the collateral, is consolidated by the credit department and reflected in our evaluation criteria used for individual credit transactions and portfolio analysis.

Business Risk Management

With regards to new businesses and investments, scenario analyses and stress tests are conducted at the initial stage of investment. Business plans and operations are continuously monitored thereafter and we periodically evaluate and verify the cost of withdrawal from a business, business area or investment.

For our products and services offerings, in addition to continuous monitoring, we regularly review the contents of our products and services offerings in response to changes in the business environment and evolving customer needs and strive to maintain or improve their quality.

A principal risk relating to operating leases is fluctuations in the residual value of leased properties. To mitigate this risk, we monitor our leased properties inventory, the relevant market environments and the overall business environment. We limit our operating leases to leased properties and other assets with high versatility, and evaluate the sale of such properties and other assets depending on changes in market conditions.

We aim to minimize the risk related to fluctuations in market prices for real estate by appropriately considering trends in market prices based on knowledge accumulated thus far, including our experiences during the financial crises.

Market Risk Management

We strive to comprehensively verify and understand the market risks that we face. We have established and maintain Group-wide ALM rules to address these risks.

Interest rate risk is comprehensively evaluated based on factors such as the expected impact of interest rate changes on periodic profit and loss and/or the balance sheet, the assets and liabilities positions and the funding environment. The analysis methods we use are modified, as required, depending on the situation.

We monitor and manage exchange rate risk using indicators such as VaR (value at risk) for exchange rate volatility in our business transactions in foreign currencies and overseas investments. We appropriately manage exchange rate risk by using means such as foreign currency-denominated loans, foreign exchange contracts and currency swaps to hedge exchange rate volatility in our business transactions in foreign currencies and overseas investments.

We manage counterparty credit risk and other risks involved in hedging derivative transactions in accordance with internal rules on derivative transaction management.

For quantitative and qualitative analysis information on market risk, please see “Item 11. Quantitative and Qualitative Disclosures about Market Risk.”

Liquidity Risk Management

To reduce liquidity risk, we diversify fund procurement methods and sources and constantly monitor liquidity on hand. To manage liquidity on hand, we project future cash flows and analyze liquidity risk using hypothetical stress scenarios. We take necessary measures so that our businesses may withstand adverse market changes.

The effect on the business of each subsidiary is monitored by ascertaining liquidity risk in each subsidiary and in every country in which ORIX operates. We take appropriate measures to mitigate liquidity risk, including through such action as parent-to-subsidiary lending.

ORIX Bank and ORIX Life Insurance are regulated by Japanese financial authorities and are required to manage liquidity risk independently from other ORIX Group companies based on their internal regulations formulated according to the relevant regulations.

ORIX Bank categorizes the degree of cash-flow tightness into several stages, and has established measures to strengthen its liquidity risk management system according to each stage. In addition, ORIX Bank has established limits on the required amount of liquid assets and the amount of market-based funding, and the department in charge of risk management monitors compliance with these limits.

ORIX Life Insurance strives to maintain appropriate liquidity by setting standards for its holdings of cash and highly liquid governmental and corporate bonds by period and purpose. In addition to assessing current and future funding needs, ORIX Life Insurance established standards and contingency plans so that it can swiftly and appropriately respond to situations that take place within each stress.

Compliance Risk Management

ORIX Group views compliance as one of the top priorities of management. The ORIX Group strives to build a robust and comprehensive compliance program and promote a culture of compliance, with an emphasis on high standards of ethical behavior at all levels of the organization, and to conduct its business activities in a sincere, fair and transparent manner.

The compliance department requires companies in ORIX Group to formulate a compliance plan and monitors compliance risks within ORIX Group to avoid, mitigate or prevent the realization of such risks. By implementing programs that sustain a culture of compliance, the compliance department seeks to prevent or mitigate compliance risk, and thereby contribute to the sound business and management of ORIX Group.

In addition, ORIX Group strives to raise awareness for compliance matters among its executives and employees by establishing and disseminating various regulations in accordance with the ORIX Group Code of Conduct, which articulates our core standards and expectations for all executives and employees in the ORIX Group. Progress in sustaining a culture of compliance through internal training and other activities is regularly reported to our Audit Committee.

As part of our internal control system, we have established internal whistleblower systems for use by executives and employees in the ORIX Group and external whistleblower systems for use by business partners outside the ORIX Group, and developed internal and external systems designed to mitigate compliance risk. We have also established a system whereby material matters that are reported through the internal and external whistleblower systems and those that relate to legal or other violations are promptly reported to the representative executive officer and appropriate actions are taken in response to instructions received from the representative executive officer. The statuses of responses to material matters are reported to our Audit Committee and information is appropriately shared.

Furthermore, from the perspective of compliance with applicable tax laws, we are committed to paying taxes in conformance with tax laws of relevant jurisdictions, tax treaties and guidelines, and internal rules, to managing our tax affairs in good faith and in compliance with applicable tax systems and to achieving tax transparency on a group-wide basis.

Legal Risk Management

In addition to establishing internal rules necessary for ensuring compliance with laws and regulations, in order to comply appropriately with revisions in laws and regulations, we have also taken measures to understand the applicability of such laws and regulations to each business in ORIX Group and provide instructions to business units to which such laws and regulations apply.

To avoid, reduce and prevent transactional legal risk, we generally require that the legal department and the compliance department both be involved in evaluating and/or executing transactions.

For transactional agreements relating to business transactions, we have established a contract review and approval process involving the legal department in accordance with our prescribed internal rules.

To ensure that proper legal procedures are followed in connection with actual or potential disputes and litigation, we require that the legal department and the compliance department both be involved in the

management of such disputes and litigation, including lawsuits that have been, or are expected to be, brought against us and lawsuits that we bring, or expect to bring, against third parties. In addition, we have in place systems such as a system for monitoring for trademark applications that could infringe on trademarks held by ORIX Group.

The legal department manages intellectual property rights and takes necessary protective measures immediately if an actual or potential infringement of ORIX Group's intellectual property rights is discovered.

Information / Cybersecurity Risk and IT Risk Management

ORIX Group's technology management department provides rules and guidelines such as information system development and operational governance bylaws, engages in reviews of system investments (with system investments above a certain size being deliberated by the Information Technology Management Committee) and the governance of systems quality and development projects from the development stage to the system's final launch to reduce the risk of system failures. In addition, there are ongoing efforts to strengthen the management of IT services to ensure stability in the system operations for systems that are currently in operation and the evaluation of the appropriateness of measures to prevent the recurrence of major failures in systems managed by Group companies. For more information regarding our Information Technology Management Committee, see "Item 6. Directors, Senior Management and Employees—Corporate Governance System—Executive Officers—Information Technology Management Committee." For information / cybersecurity risk, see "Item 16K. Cybersecurity."

Operational Risk and Other Risks Management

We have established internal regulations and are regularly conducting training to increase awareness of such regulations to clarify internal processes used in business operations. In addition, we are focusing on developing and evaluating our internal controls for compliance purposes.

In order to reliably secure and retain a diverse workforce, we continuously strive to promote diversity, equity and inclusion, ensuring that every employee can fully utilize their individual skills. We are also committed to creating a working environment where employees can stay healthy and feel motivated to work.

In addition to structuring our human resources systems to flexibly respond to factors such as national and regional labor markets, market practices, compensation standards, laws and regulations, job descriptions and business characteristics, we are continuously creating a work environment that respects human rights and making efforts to improve productivity and to achieve and promote employee well-being in response to a changing environment.

Additionally, we have established a system for teams to contact risk management departments promptly in cases where an operational risk incident, customer claim or similar matter has arisen so that we can respond quickly and carefully and take measures to prevent reoccurrences.

External Environment-related Risk Management

Among the external environment-related risks that we face such as those relating to the business environment, we are particularly focused on developing our systems to address and manage risks related to natural disasters and other unexpected risks. We have established internal rules to manage risks associated with disasters and implemented a framework for organizational implementation of basic principles to manage risks arising from events such as natural disasters, terrorism and infectious diseases, as well as related activities.

For example, we have established systems to confirm the safety and status of all employees in the event our offices are closed due to events such as a disaster or the spread of an infectious disease. To prepare for situations

where it is impossible or inadvisable for employees to work from our offices, we have also introduced systems to allow employees to work remotely so that our business operations will not be disrupted.

ORIX Group is prepared for the occurrence of unexpected events, by diversifying its profit structure through a diversified business portfolio and ensuring sufficient liquidity, which allow it to maintain sound financial health.

Individual Business Risk Management

We engage in a broad spectrum of businesses, including financial service operations. We seek to perform complete and transparent monitoring and risk management according to the characteristics of each business segment.

Corporate Financial Services and Maintenance Leasing

Business risk, legal risk and credit risk are the main risks of the corporate financial services and maintenance leasing segment.

Our services might fall short of customer expectations due to changes in the operating environment or changes in and diversification of client needs. We monitor our service quality quantitatively and qualitatively and continuously strive to provide services at a level that meets our clients' expectations and to improve our services in line with the operating environment.

In the maintenance leasing business, to manage the risk of changes in the market value of property under operating leases, we continuously monitor market conditions and fluctuations in the value of leased property and reassess residual value estimates of leased property in new investment transactions accordingly.

Cost fluctuation is a risk that may occur when providing various services associated with operating leases. In response to this, we analyze initial cost planning and performance, monitor future forecasts and control costs at an appropriate level.

Due to the offering of various products and services, the enactment of or revisions to related laws, regulations, taxation systems, and accounting standards may adversely affect the products and services we offer and lead to a decline in income. In order to reduce such risk, business units conduct information gathering and coordinate with the legal department with regard to information on changes in relevant laws and regulation, as well as reassessing their business strategies as necessary.

With regard to credit transactions, the business department regularly monitors the performance, related collateral, and collection status of customers whose balances exceed specified levels. The credit department regularly evaluates customers with large credit balances.

We analyze current conditions and the outlook for specific business types and industries, examine the potential impact on customers, and consider the views of each business unit and specialized department to make decisions about future transactions in that specific business type or industry.

For assets requiring extra monitoring, particularly in transactions secured by real estate, we take various measures such as capitalizing on our network of real estate-related departments to sell properties or introduce tenants.

Real Estate

Business risk and market risk are the main risks of the Real Estate segment.

With respect to our real estate investments, before making an investment decision we evaluate the actual cash flow performance of the target as against the initial plan and forecasts, and monitor investment strategies and schedules after execution. Upon a major divergence from the initial forecast, we reevaluate our strategy.

Furthermore, when we invest in large scale or long-term projects, we consider diversifying risk by making joint investments with our partners.

In our development and leasing business, we monitor development and retention schedules and net operating income yield. We capitalize on the Group's network to improve occupancy rates and promote sales.

In our facility operation business, we monitor performance indicators such as occupancy and utilization rates and profitability. We conduct market analysis and take initiatives to improve the desirability of our facilities, such as through renovations. To improve the quality of our services and facilities, we take into consideration customers' feedback and also implement training programs for our employees.

In our condominium business (new and used), we monitor sales figures and profitability of individual businesses while keeping in mind the market environment, construction costs, relevant interest rates and real estate-related taxation systems. Additionally, in our construction business, we seek to control construction costs and construction periods, while also focusing on health and safety management.

In the integrated resort business, we are jointly developing a specified integrated resort facility in cooperation with Osaka Prefecture and Osaka City through our affiliated entity.

As a key characteristic of this business, we ensure strict compliance with applicable laws and regulations, including the Act on Development of Specified Integrated Resort Districts, and execute our operations appropriately. In order to maintain the integrity of management, it is essential to establish a sound and highly transparent corporate governance framework. Furthermore, we must address risks unique to the integrated resort business, including risks related to the renewal or revocation of certification of the District Development Plans, risks associated with obtaining and maintaining a casino business license, and risks inherent in large-scale development projects.

We collaborate with business partners possessing deep expertise in integrated resort operations to provide training to our personnel, and we are committed to ensuring compliance and mitigating risks on an organization-wide basis.

PE Investment and Concession

Business risk, market risk, legal risk and operational risk are the main risks of PE Investment and Concession segment.

When making investment decisions with regard to potential investees in the private equity business, we validate the business plan, analyzing the investee's financial condition and assessing its cash flow, as is done for credit examinations. We also perform a multi-faceted evaluation of the characteristics of the business operation, risks related to legal, accounting, and tax matters and investment scheme, in which administrative departments such as accounting and legal are also involved. In addition, after the initial investment, individual transactions are monitored for divergence from the initial scenario.

We emphasize monitoring the progress of the business plan and financial condition of a company when increasing the corporate value of a company since cash flow is a key factor during such period. We also monitor market risk as the time for collection nears, measuring corporate value by referencing the corporate value of similar business types. The frequency of monitoring may increase based on changes in the business environment, and we simultaneously verify the adequacy of investment scenarios and take any necessary action. Furthermore, for investments that have a significant impact on the profitability of ORIX Group, we work to strengthen management through measures such as seconding of management personnel.

We conduct our concession business in public facilities such as airports, together with business partners.

The long-term nature of this business adds uncertainty and, therefore, we conduct stress tests in advance to evaluate the effect of disaster recovery or business withdrawal costs on operating revenue and cash flow based on demand forecasts and monitor business plans and operations on a regular basis and as the situation warrants. We also strive to train staff with expertise on the management of public facilities and reduce operational risk by establishing a management system with business partners and strengthening governance.

Environment and Energy

Business risk, legal risk and operational risk are the main risks of the Environment and Energy segment.

In the environment and energy business, we conduct various businesses in the renewable energy, energy conservation, electricity retail, resource recycling and waste processing operations sectors both in and outside of Japan. They are easily impacted by factors such as the external environment, and changes in social trends, systems and legal regulations, a surge in commodity prices, an increase in volatility for electricity prices, and disruption in supply chains can be ongoing threats. Due to these potential factors, while there are cases when it becomes necessary to change the revenue structure of individual businesses, we are able to quickly identify trend changes in the external environment and seek new revenue generation opportunities through business model shifts, new business developments, and business portfolio shuffles.

In each business, we operate a wide variety of facilities related to electricity generation, resource recycling and waste processing operations, and proactively seek out investment opportunities in various M&As and strategic alliances to further expand our businesses, but we also continue to strengthen internal governance by reassuring internal controls set in place. We also make efforts to optimize our operations mainly together with specialist groups with technical expertise in order to develop business continuity plan structures that ensure safety and appropriateness of each facility and develop readiness for situations such as natural disasters, accidents, and epidemics.

Insurance

Business risk and market risk are the main risks in the Insurance segment.

In insurance underwriting, we risk sustaining losses due to changes in the economic environment or insurance accident rates over time such that they differ significantly from the assumptions made when the insurance premiums were set. Through monitoring of these factors that could cause losses, we re-evaluate underwriting standards, develop new products, update or discontinue existing products. Furthermore, we employ reinsurance as one means of ensuring payments of insurance claims and the stability of our business management. When utilizing reinsurance, we determine standards for reinsurance according to the characteristic of the transferred risk and effect of reinsurance. When choosing a reinsurance company, we focus on ensuring that there is a high probability we can recover the fees reinsurance claims by taking into account underwriting capacity and financial health.

With respect to market risk, to prepare for changes in the value of our assets and liabilities, we establish monitoring items and assess the risks for general account assets. Furthermore, from an asset liability management perspective we strive to limit interest rate risk through the purchase of super long-term bonds to match their duration with liabilities.

Banking and Credit

Credit risk is the main risk of the Banking and Credit segment.

Regarding each real estate investment loan we extend for the purchase of condominiums and apartments for investment purposes, we conduct screenings through individual interviews, which consist of a comprehensive evaluation including not only the client's real estate investment appetite, supporting documentation, and ability to repay but also the cash flows that can be derived from the property and its collateral value. Throughout this process, we utilize the real estate market information and industry know-how we have built over many years.

Decision making for corporate loans is based on an investigation of the client's performance, business plan, intended use of proceeds, expected source of repayment and industry trends. We also reduce risk by avoiding overconcentration in any particular business type and product in our portfolio.

The consumer finance business uses a proprietary scoring system incorporating credit underwriting standards. We set interest rates and credit limits in line with each customer's credit risk profile, after evaluating their creditworthiness based on an analysis of certain customer attributes or payment history, as well as other factors that might affect their ability to repay. Also, we undertake subsequent credit evaluations at regular intervals to monitor changes in the customer's financial condition.

Aircraft and Ships

In the aircraft business, we engage in operating lease and aircraft asset management activities, where the major risks include business risk, credit risk, market risk and operational risk.

We generally focus on aircraft types with high liquidity that are comparatively easy to re-lease and evaluate sales depending on changes in market conditions. In addition, we conduct comprehensive assessments of the counterparties' financial performance and related collateral at the time of transaction. With regard to our affiliate, Avolon, we continuously monitor its business plan and operations. In addition, we support the sound management of Avolon through the exercise of our rights as a shareholder and through our members of its board of directors.

In the ships business, we engage in the financing business, including operating leases, maritime asset management business, and ship brokerage business, where the major risks include credit risk, business risk, market risk and operational risk.

Credit risk is managed at the time of transactions through comprehensive assessments of the counterparties' performance and related collateral. After conducting the transactions, we continue to monitor counterparties and, for counterparties that require caution, our policy requires management to consider the collectability of debts and investments, and to determine the necessity of an allowance for credit losses or an impairment. We generally focus on the ships with high liquidity that are comparatively easy to re-lease and evaluate sales depending on changes in market conditions. Operational risk primarily arises from the risk of managing ships that we own, but we are able to substantially mitigate the possibility of unforeseen events by reliable in-house ship management and limiting the outsourcing of ship management to experienced and stable partners and conducting regular assessments.

ORIX USA

Credit risk and market risk related to lending and investment are the main risks facing the lending investment business and finance business in the ORIX USA segment.

Regarding credit risk, at the time an investment or loan is made, we assign an internal risk rating to such investment or loan taking into consideration various standard credit metrics, collateral value, and enterprise value. The loan or investment is continuously monitored and the risk rating is periodically reviewed and updated if necessary. For any investments and/or loans for which the rating of the customer has reached or exceeded the cautionary level, our policy requires management to determine the necessity of an allowance for credit losses or

an impairment. Regarding market risk, we monitor market values while referring to credit risk information and manage risk by pursuing early sales as appropriate to secure profits or minimize losses.

Operational risk is the main risk for the agency lending business in the United States. We make and sell loans and mortgage-backed securities and provide servicing and asset management services with regard to those loans and mortgage-backed securities. The majority of those loans and mortgage-backed securities are insured by the Federal Housing Administration or guaranteed by a government-sponsored financial institution such as Fannie Mae and Freddie Mac. We conduct our agency lending business in accordance with the designated procedures set forth by these government agencies and government-sponsored institutions; and monitor and manage loan servicing and asset management quality through internal auditing for compliance with the designated procedures.

Operational risk is the main risk for the asset management business.

We promote the standardization of business processes, regulations and manuals and seek to prevent omissions and mistakes in conducting business operations and to improve efficiency generally. In addition, we ensure proper risk management by clarifying operating procedures and the authority and the responsibilities of administrators and supervisors in business operations.

In addition to monitoring to maintain and ensure satisfactory levels of credit, market and operational risk, we review our products and services to constantly maintain and improve performance and quality in response to changes in the business environment and evolving customer needs.

ORIX Europe

In the ORIX Europe segment, we mainly operate in the asset management industry, where the main risks they face are operational risk and compliance risk.

To mitigate operational and compliance risks in the asset management business, particularly risks related to acting as a fiduciary manager for customer and client property, we promote a transparent risk culture and the standardization of business processes, internal regulations and procedures. Some operational risk in the asset management business stems from changes in the highly regulated environment of jurisdictions in which the companies operate so ORIX Corporation Europe ("OCE") group companies actively monitor regulatory developments at an early stage to address these risks, both directly and through representative associations. OCE group companies further ensure proper risk management by implementing risk management policies and frameworks in compliance with applicable regulations, client demand, and sound risk management practices. OCE's role within the OCE group is to oversee and monitor the risk management and internal control frameworks of each OCE group company.

Asia and Australia

Our local subsidiaries in the Asia and Australia segment primarily operate leasing, loan, automobile leasing and investment businesses. The main risks those businesses face are credit risk, business risk and market risk.

In the leasing and loan businesses, comprehensive assessments of customers' business performance and collateral are conducted. Regular monitoring is conducted for purposes such as tracking unpaid amounts and preventing deviations in portfolios at the local subsidiary level and corrective action is taken when necessary. In the automobile leasing business, risk management is conducted by considering factors that vary from country to country like lease taxation systems and characteristics of the used automobile market.

In the investment business, investments are conducted in a manner similar to domestic investments, with an assessment of the transaction conducted initially and regular monitoring conducted after the transaction takes place. In cases where we have rights as a shareholder as a result of the transaction or have dispatched a director, we support sound management of the investee through our involvement in its board of directors.

Item 6. Directors, Senior Management and Employees

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

CORPORATE GOVERNANCE SYSTEM

We believe that a robust corporate governance system is a vital element of effective and enhanced management and have established sound and transparent corporate governance to carry out appropriate business activities in line with Management's Basic Policy and to ensure objective management.

ORIX's corporate governance system is characterized by:

- separation of execution and supervision through a "Company with Nominating Committee, etc." board model;
- Nominating, Audit and Compensation Committees composed entirely of outside directors;
- all outside directors satisfying "Requirements for Independent Directors"; and
- all outside directors being highly qualified in their respective fields.

Rationale behind adopting ORIX's Corporate Governance System and history of the system

We believe that swift execution of operations is vital to effectively respond to changes in the business environment. Furthermore, we believe that ORIX promotes improved management transparency through a corporate governance system in which outside directors, who have expert knowledge in their respective fields, monitor and advise on the lawful and appropriate execution of operations with an independent view.

Based on these principles, our Board of Directors possesses an oversight function and, under the "Company with Nominating Committee, etc." board model delegates certain responsibilities to the three board committees to carry out the role of effective governance.

All members of the three committees (Nominating, Audit and Compensation) are outside directors to separate the oversight function of the Board of Directors from the execution of operations and avoid conflicts of interest with our shareholders.

In addition, all outside directors meet objective and specific "Requirements for Independent Directors" stipulated by the Nominating Committee (described below under "Nominating Committee").

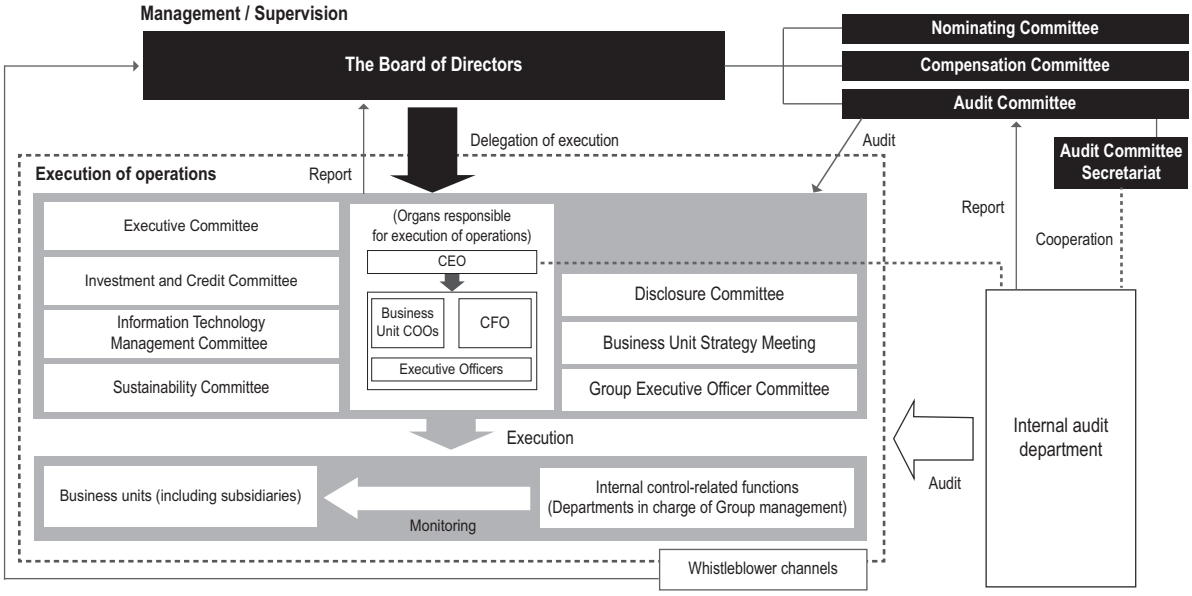
Below is a summary of the history of ORIX's corporate governance system:

June 1997	Established Advisory Board
June 1998	Introduced Corporate Executive Officer System
June 1999	Introduced Outside Director System
June 2003	Adopted the "Company with Committees" board model
May 2006	Adopted the new "Company with Committees" board model in line with the enactment of the Companies Act of Japan
May 2015	Adopted the new "Company with Nominating Committee, etc." board model in line with the amendment of the Companies Act of Japan

The "Company with Nominating Committee, etc." board model, as stipulated under the Companies Act of Japan, requires the establishment of three board of director committees: the Nominating, Audit and Compensation Committees. Each committee is required to consist of three or more directors, a majority of whom

must be outside directors. Directors may serve on more than one committee. The term of office of committee members is not stipulated under the Companies Act of Japan. However, as a committee member must be a director of the Company, the term expires at the close of the first annual general meeting of shareholders after his or her election. Under the Companies Act of Japan, an outside director is defined as a director who does not have a role in executing the Company's business, meaning an individual who has not assumed in the past ten years the position of a representative director or a director with the role of executing the business, executive officer (*shikkou-yaku*), manager or any other employee of the Company or any of its subsidiaries, and who does not currently assume such position of the Company or any of its subsidiaries. (See Item 16G "Corporate Governance".)

Execution of Operations Framework



Board of Directors

The Board of Directors has ultimate decision-making authority for our important affairs. It also monitors the performance of the directors and executive officers and receives performance reports from the executive officers and others. Our Articles of Incorporation provide for no fewer than three directors. Directors are elected at general meetings of shareholders. The term of office for any director, as stipulated under the Companies Act of Japan, for companies that adopt a "Company with Nominating Committee, etc." board model, expires at the close of the first annual general meeting of shareholders after his or her election or re-election as the case may be.

The Board of Directors carries out decisions related to items that, either as a matter of law or pursuant to our Articles of Incorporation, cannot be delegated to executive officers, such as management policies and basic policy on the internal control system, and other important items as determined by the regulations of the Board of Directors. The Board of Directors monitors the execution of duties by the directors and executive officers using management and internal control policies, which are reviewed and updated on a regular basis.

The Board of Directors sometimes delegates certain decision-making authority regarding operational execution to the representative executive officer to promote decision-making efficiency and operational execution. For example, the Board of Directors may delegate to the representative executive officer the authority to approve issuances of shares of capital stock and bonds. In addition, the Companies Act of Japan permits an individual to simultaneously be a director and a representative executive officer of the Company.

Furthermore, the Board of Directors receives reports from executive officers and the three committees regarding execution status of their respective duties. Accordingly, the Board of Directors collects information and monitors the appropriateness of operational execution based on such information.

(The number of meetings of the Board of Directors held in fiscal 2026 and the attendance of each member)

Name	Status of attendance at the Board of Directors Meetings held in fiscal 2026
Makoto Inoue	Attended eight of eight meetings of the Board of Directors*1
Hidetake Takahashi	Attended eight of eight meetings of the Board of Directors*1
Satoru Matsuzaki	Attended eight of eight meetings of the Board of Directors*1
Stan Koyanagi	Attended eight of eight meetings of the Board of Directors*1
Yasuaki Mikami	Attended six of six meetings of the Board of Directors during his term as a member of the Board of Directors*2
Hiroshi Watanabe	Attended eight of eight meetings of the Board of Directors*1
Aiko Sekine	Attended eight of eight meetings of the Board of Directors*1
Chikatomo Hodo	Attended eight of eight meetings of the Board of Directors*1
Noriyuki Yanagawa	Attended eight of eight meetings of the Board of Directors*1
Mami Yunoki	Attended six of six meetings of the Board of Directors during her terms as a member of the Board of Directors*1,*2
Miwa Seki	Attended six of six meetings of the Board of Directors during her terms as a member of the Board of Directors*1,*2
Michael Cusumano	Attended two of two meetings of the Board of Directors during his term as a member of the Board of Directors*2
Sakie Akiyama	Attended two of two meetings of the Board of Directors during her term as a member of the Board of Directors*2

*1 Furthermore, the Board of Directors passed one deemed resolution in fiscal 2026 pursuant to Article 370 of the Companies Act.

*2 Yasuaki Mikami stepped down effective December 31, 2025. Michael Cusumano and Sakie Akiyama stepped down effective June 25, 2025 and Mami Yunoki and Miwa Seki were appointed on the same date.

(Major Considerations by the Board of Directors)

- Decision on content of proposals to be submitted to the general meeting of shareholders
- Decision on basic management policy
- Election of executive officers
- Delegation of decisions on the operational execution to the representative executive officer
- Deliberation on evaluation of the effectiveness of the Board of Directors
- Monitoring of the execution of duties by executive officers based on the reports from executive officers and the three committees, etc.

Composition and size of Board of Directors

The Board of Directors is composed of directors, including outside directors who possess broad knowledge and experience. The number of directors on the board is also maintained at the level we consider to be appropriate for effective and efficient board discussion.

The Board of Directors as of June 22, 2026 included 10 members, six of whom are outside directors. The structure is expected to remain unchanged after the annual general meeting of shareholders scheduled for June 23, 2026.

Structure and Activities of the Three Committees

As of June 22, 2026, all three committees (Nominating, Audit and Compensation Committees) are composed entirely of outside directors. The members of each committee along with the number of committee meetings and attendance rates are shown below.

	Nominating Committee	Audit Committee	Compensation Committee
Members as of June 22, 2026	3 Members (Outside Directors: 3) Hiroshi Watanabe (Chairperson) Chikatomo Hodo Noriyuki Yanagawa	3 Members (Outside Directors: 3) Aiko Sekine (Chairperson) Mami Yunoki Miwa Seki	3 Members (Outside Directors: 3) Chikatomo Hodo (Chairperson) Hiroshi Watanabe Miwa Seki
Number of meetings held during fiscal 2026 (Attendance rate)	Six (6) meetings (100%)	Fifteen (15) meetings (100%)	Seven (7) meetings (100%)
After the resolution of the Board of Directors following the annual general meeting of shareholders scheduled for June 23, 2026	3 Members (Outside Directors: 3) Chikatomo Hodo (Chairperson) Hiroshi Watanabe Miwa Seki	3 Members (Outside Directors: 3) Mami Yunoki (Chairperson) Hiroshi Watanabe Miwa Seki	3 Members (Outside Directors: 3) Noriyuki Yanagawa (Chairperson) Chikatomo Hodo Akiko Hosokawa

Nominating Committee

The Nominating Committee is authorized to propose the slate of director appointments or dismissals to be submitted to the general meeting of shareholders. Directors are appointed and dismissed by a resolution of the general meeting of shareholders. In addition, the Nominating Committee deliberates on the agenda concerning the appointment or dismissal of our executive officers to be resolved at the Board of Directors meeting, although this is not required under the Companies Act of Japan.

(The number of meetings of the Nominating Committee held in fiscal 2026 and the attendance of each committee member)

Name	Status of attendance at Nominating Committee Meetings held in fiscal 2026
Hiroshi Watanabe	Attended six of six meetings of the Nominating Committee
Chikatomo Hodo	Attended five of five meetings of the Nominating Committee during his term as a member of the Nominating Committee*1
Noriyuki Yanagawa	Attended five of five meetings of the Nominating Committee during his term as a member of the Nominating Committee*1
Sakie Akiyama	Attended one of one meeting of the Nominating Committee during her term as a member of the Nominating Committee*1
Aiko Sekine	Attended one of one meeting of the Nominating Committee during her term as a member of the Nominating Committee*1

*1 Sakie Akiyama and Aiko Sekine stepped down effective June 25, 2025 and Chikatomo Hodo and Noriyuki Yanagawa were appointed on the same date.

(Major Considerations by the Nominating Committee)

- Decision on the content of proposals to be submitted to the general meeting of shareholders regarding the election of directors

- Deliberation on the selection of directors to form each committee and the appointment of executive officers
- Deliberation on the appointment of executive officers and group executives, and changes to the division of their duties
- Deliberation on the selection of Representative Executive Officer, Chief Operating Officer, Business Unit Chief Operating Officers and Chief Financial Officer.
- Deliberation on the succession plan
- Deliberation on the consideration of outside director candidates

Regarding the major considerations above, in addition to the meetings of the Nomination Committee, regular meetings were held outside the committee for further discussions.

Furthermore, the Nominating Committee ensures that the Board of Directors possesses the appropriate levels of and diversity in knowledge, experience, and expertise, through an established decision-making process for directors' appointments. The Nominating Committee stipulates the "Requirements for Independent Directors" in accordance with the nomination criteria for director candidates described below. The Nominating Committee also nominates executive officer candidates to the Board of Directors following an assessment of candidates' past experiences, knowledge, and suitability for the position to execute business decisions in the Company's existing and new businesses.

Nomination criteria for director candidates:

(Internal Director)

- An individual with a high degree of expertise in ORIX Group's business and excellent business judgment and business administration skills

(Outside Director)

- An individual with a wealth of experience as a business administrator
- An individual with professional knowledge in fields such as economics, business administration, law and accounting, as such relate to corporate management
- An individual with extensive knowledge in areas such as politics, society, culture and academics, as such relate to corporate management

The Nominating Committee determines whether the conditions for director independence have been met in accordance with the independence-related nomination criteria for outside directors, which are:

(1) No individual may be a principal trading partner*, or an executive officer (including operating officer, hereinafter the same) or employee of a principal trading partner of ORIX Group. If such circumstances existed in the past, one year must have passed since that person's departure from such office or employment.

> * A "principal trading partner" refers to an entity with a business connection to ORIX Group with a transaction amount equivalent to more than the greater of 2% of such entity's consolidated total sales (or consolidated total revenues) or one million U.S. dollars in any fiscal year during the preceding four fiscal years.

(2) No individual may receive directly a large amount of compensation (10 million yen or higher in a fiscal year), excluding compensation as a director from ORIX Group in any fiscal year during the preceding four fiscal years. Further, any corporation or other entity in which such individual serves as a consultant, account specialist or legal expert may not receive a large amount of compensation

(equivalent to more than the greater of 2% of such entity's consolidated total sales (or consolidated total revenues of ORIX Group) or one million U.S. dollars) from ORIX Group. If such circumstances existed in the past, at least one year must have passed since that corporation or other entity received such compensation.

(3) No individual may be a major shareholder of ORIX (10% or higher of issued shares) or a representative of the interests of a major shareholder.

(4) No individual may have served as an executive officer of a company having a relationship of concurrent directorship* with ORIX in any fiscal year of the preceding four fiscal years.

* "Concurrent directorship" refers to a relationship in which an executive officer of ORIX or its subsidiaries also serves as a director of a company in which the individual has been an executive officer and an outside director of ORIX.

(5) No individual may be a member of the executive board (limited to those who execute business) or be a person executing the business (including an officer, corporate member or employee who executes business of the organization) of any organization (including public interest incorporated associations, public interest incorporated foundations and non-profit corporations) that have received a large amount of donation or financial assistance (annual average of 10 million yen or higher over the past three fiscal years) from ORIX Group.

(6) No individual may have served as an accounting auditor or an accounting advisor (*kaikei san-yo*), a certified public accountant (or a tax accountant) or a corporate member, a partner or an employee of an audit firm (or a tax accounting firm) who personally performed the audit work (excluding engagement as a supporting role) for ORIX Group in any fiscal year during the preceding four fiscal years.

(7) None of an individual's family members* may fall under any of the following:

i) A person who was an executive officer or an important employee of ORIX Group during the past three years.

ii) A person who falls under one of the criteria specified in (1) through (3), (5) and (6) above; provided, however, that criterion (1) is limited to an executive officer, criterion (2) is limited to a corporate member or a partner of the corporation or other entity and criterion (6) is limited to an executive officer or an employee who performs the audit on ORIX Group in person.

* Family members include a spouse, those related within the second degree by consanguinity or affinity, or other kin living with the outside director.

(8) There must be no material conflict of interest or any possible conflict of interest that might influence the individual's judgment in performing their duties as an outside director.

Audit Committee

The Audit Committee monitors the execution of duties of the directors and executive officers and prepares audit reports. In addition, the Audit Committee decides the content of proposals to appoint, dismiss or refuse the reappointment of the Company's Independent Auditor, which are submitted to the general meeting of shareholders. (See "—Policies on Auditing and Auditing System—*Audit Committee*" for discussion of the main considerations of the Audit Committee and the attendance status of each committee member in fiscal 2026.)

Under the "Company with Nominating Committee, etc." board model, the directors who compose the Audit Committee are not permitted to be executive officers, executive directors of the Company or its subsidiaries, or managers, employees or accounting advisors (*kaikei san-yo*) of the Company's subsidiaries. Under the "Company with Nominating Committee, etc." board model, the Audit Committee generally has powers and duties to monitor the performance of the directors and executive officers in the performance of their responsibilities, as well as the right to propose the appointment or dismissal of, or to pass resolutions for refusing

reappointment of the Company's independent certified public accountants at the annual general meeting of shareholders. Any proposal for appointment or dismissal of a certified public accountant needs to be submitted to a general meeting of shareholders for approval. In furtherance of its responsibilities, the Audit Committee also has the power to request a report of business operations from any director, executive officer, manager or other employee at any time, and to inspect for itself the details of the Company's business operations and financial condition.

Compensation Committee

The Compensation Committee has the authority to set the policy for determining compensation for directors and executive officers in accordance with the Companies Act of Japan and to set the specific compensation for each individual director and executive officer. Director and executive officer compensation information is disclosed in accordance with the Companies Act and the Financial Instruments and Exchange Act.

(The number of meetings of the Compensation Committee held in fiscal 2026 and the attendance of each committee member)

Name	Status of attendance at Compensation Committee Meetings held in fiscal 2026
Chikatomo Hodo	Attended seven of seven meetings of the Compensation Committee
Hiroshi Watanabe	Attended seven of seven meetings of the Compensation Committee
Miwa Seki	Attended six of six meetings of the Compensation Committee during her term as a member of the Compensation Committee*1
Michael Cusumano	Attended one of one meeting of the Compensation Committee during his term as a member of the Compensation Committee*1

*1 Michael Cusumano stepped down effective June 25, 2025 and Miwa Seki was appointed on the same date.

(Major Considerations by the Compensation Committee)

- Decision on the performance evaluations and individual payment amounts related to performance-linked compensation (annual bonus) for fiscal 2025
- Deliberation and decision on the compensation system for directors and executive officers for fiscal 2026
- Deliberation on the compensation levels for directors and executive officers based on the outcome of an investigation by a third-party compensation research agency
- Deliberation on the consideration of executive compensation linked to performance indicators such as consolidated ROE.

Executive Officers

Under the "Company with Nominating Committee, etc." board model, and within the scope of laws and ordinances, corporate decisions made at the Board of Directors are delegated to the representative executive officer to accelerate and achieve efficiency in business operations. The representative executive officer makes important business execution decisions after deliberations by the Executive Committee ("EXCO") or other appropriate committees in accordance with the Company's internal policies. The business execution duties of executive officers are decided by the Board of Directors and the representative executive officer and these duties are carried out based upon the Company's internal policies.

Important decision-making related to business execution, monitoring, discussions, and information sharing is carried out by the following bodies:

Executive Committee

The EXCO, which consists of the Group CEO and executive officers and others appointed by the Group CEO, deliberates on important matters related to the management of the Company. Matters considered crucial to our operations are reported to the Board of Directors as appropriate.

Sustainability Committee

The Sustainability Committee, which consists of the Group CEO and executive officers and others appointed by the Group CEO, deliberates on important matters related to promoting and implementing sustainability. Additionally, certain matters are reported to the Board of Directors depending on their content and level of importance.

* External experts may potentially be invited.

Investment and Credit Committee

The Investment and Credit Committee, which consists of the Group CEO and executive officers and others appointed by the Group CEO, deliberates on investments and credit transactions that exceed certain specified investment or credit amounts. Matters considered crucial to our operations are reported to the Board of Directors as appropriate after being deliberated on by the EXCO.

Information Technology Management Committee

The Information Technology Management Committee, which consists of the Group CEO, the officer in charge of the Technology Department and executive officers appointed by the Group CEO, deliberates on important matters related to establishing fundamental policies for IT operations and IT strategy and implementing and maintaining IT systems.

Disclosure Committee

To ensure timely and appropriate disclosure of information material to ORIX Group, the Disclosure Committee, which consists of the executive officers in charge of the Group management departments related to the disclosure of information material to ORIX Group, receives reports on material non-public information from persons in charge of each unit, and takes steps necessary to determine whether or not timely disclosure of such information is necessary, and the appropriate means of disclosing such information.

Group Executive Officer Committee

The Group Executive Officer Committee, in which all executive officers and group executives participate, discusses important matters relating to the business execution of ORIX Group. Group executives are appointed by the Board of Directors from among directors and executive officers of Group companies.

Business Unit Strategy Meeting

The Business Unit Strategy Meeting, in which the Group CEO and executive officers appointed by the Group CEO participate, discusses matters such as the strategy of each business unit and changes in the business environment.

Policies on Auditing and Auditing System

The Audit Committee has established the following four items as its fundamental policies:

- The Committee shall monitor and verify the content of resolutions made by the Board of Directors concerning the ORIX Group's internal control system and the formulation and status of operations of the Group's internal control systems. In particular, it shall consider the validity and effectiveness of compliance systems, systems to ensure the credibility of financial reporting, and risk management systems.
- The Committee shall monitor and verify whether directors, executive officers, and employees under the supervision of executive officers are complying with laws, ordinances, and the provisions of the Articles of Incorporation in fulfilling their obligations of loyalty and due diligence, as well as any other legal obligations to the Group.
- The Committee shall monitor and verify whether executive officers are determining the execution of their duties and carrying out said duties in a sound, fair, appropriate, and efficient manner in accordance with basic management policies, medium-term management plans, and other plans and policies established by the Board of Directors.
- To ensure the fairness and credibility of audits, the Committee shall monitor and verify whether the independent certified public accountants are maintaining an unbiased attitude and an independent position and conducting appropriate audits as a professional expert.

Based on these fundamental policies, the Audit Committee verifies the status of the performance of duties and the formulation and status of operations of internal control systems with the representative executive officer and the heads of internal control-related and accounting departments, and shares information with the executive officers responsible for the Group Internal Audit Department, the independent certified public accountants, and others as necessary. The Audit Committee also has access to external experts necessary to carry out its duties.

The Auditing functions of the Company are as follows.

Audit Committee

As of the filing of this annual report, the Audit Committee which consists of three outside directors evaluates the Group's internal control systems from an independent standpoint and may appoint outside experts to conduct its duties if necessary. Aiko Sekine, chairperson of the Audit Committee, and Mami Yunoki are qualified as certified public accountants and have extensive knowledge in finance and accounting as professional accountants.

(The number of meetings of the Audit Committee held in fiscal 2026 and the attendance of each committee member)

Name	Status of attendance at Audit Committee Meetings held in Fiscal 2026
Aiko Sekine	Attended fifteen of fifteen meetings of the Audit Committee
Chikatomo Hodo	Attended four of four meetings of the Audit Committee during his term as a member of the Audit Committee*1
Noriyuki Yanagawa	Attended four of four meetings of the Audit Committee during his term as a member of the Audit Committee*1
Mami Yunoki	Attended eleven of eleven meetings of the Audit Committee during her term as a member of the Audit Committee*1
Miwa Seki	Attended eleven of eleven meetings of the Audit Committee during her term as a member of the Audit Committee*1

*1 Chikatomo Hodo and Noriyuki Yanagawa stepped down effective June 25, 2025 and Mami Yunoki and Miwa Seki were appointed on the same date.

(Major Considerations by the Audit Committee)

- Decision on Audit Committee Audit Plan (determination of audit policies, methods, allocation, and costs)
- Decision on remuneration of the independent certified public accountants
- Decision on evaluation and reappointment of the independent certified public accountants
- Decision on the Group Internal Audit Department mid-term audit policy and annual audit plan
- Preapproval for entrustment of non-audit services, etc.
- Business execution reports by the Representative Executive Officer and executive officers
- Report on the Group Internal Audit Department activities
- Internal control-related functions activity report
- Financial report
- Accounting audits report

In addition to the above, to enhance discussion in the Audit Committee and to strengthen cooperation among Audit Committee members, opportunities to reflect on the audit plan and audit activities were provided at regular intervals. In addition, the members of the Audit Committee collected information useful for audit activities, including the current status of each business of the ORIX Group, business strategies, and project progress, through activities such as briefing sessions with executive officers and inspections of business sites, operating facilities, etc.

Audit Committee Secretariat

The Audit Committee Secretariat supports the work of the Audit Committee under the Audit Committee's instructions. The appointment and evaluation of, changes to, and disciplinary action toward the staff of the Audit Committee Secretariat are carried out by the executive officer responsible for the Group Internal Audit Department with the approval of the Audit Committee.

Group Internal Audit Department and Group Audit & Supervisory Board Members

The Group Internal Audit Department, which includes 72 staff (as of the end of May 2026), performs internal audits in accordance with the Global Internal Audit Standards set by the Institute of Internal Auditors("IIA"*). The scope of our internal auditing focuses on the effectiveness of internal control systems, the efficiency and effectiveness of operations, compliance, and other factors pertaining to the management of the ORIX Group through a risk-based approach. The Group Internal Audit Department has established the internal rules concerning the basic matters of internal audits, such as the purpose of internal audits, the responsibilities and authority of the internal audit department, and the implementation of internal audits. Based on these rules, the department formulates the annual audit plan and conducts individual internal audits. Following the results of internal audits, the department follows up on the implementation status of remediation plans by the audited departments for matters deemed to be remediated. In November 2021, an external quality assessment confirmed our practices as "Generally Conforms" to the international standards set by the IIA. The Group Internal Audit Department also jointly identifies and monitors critical risk through cooperation with Audit & Supervisory Board Members and internal audit functions at group companies and works to maintain and enhance the ORIX Group's internal auditing system. The Group Internal Audit Department promotes the acquisition of professional qualifications related to internal audits (such as certified internal auditors, certified information system auditors, certified public accountants, and U.S. certified public accountants). In fiscal 2026, more than 40% of the staff of the Group Internal Audit Department possessed such qualifications.

* The IIA was established in the United States in 1941 and serves as a global leader in internal auditing.

Interactions among the Audit Committee, the Independent Certified Public Accountants and others

In order to ensure the effectiveness of audits, the Audit Committee, the Group Internal Audit Department and the internal control-related functions, and the independent certified public accountants work together through the following procedures.

- The Audit Committee receives regular reports from the Group Internal Audit Department on the annual audit plan, the status of auditing activities of the Group, and the status and results of internal control evaluation related to financial reporting by the Group Internal Audit Department. The Audit Committee confirms problems in business execution and exchanges opinions as necessary. The Audit Committee may also request an investigation from the Group Internal Audit Department if necessary.
- The Audit Committee regularly receives reports from internal control-related functions on the status of operation of the internal control system, and exchanges opinions as necessary.
- The Audit Committee receives reports from the independent certified public accountants on the audit plan and the status and results of financial statement audits and internal control audits conducted by the independent certified public accountants, and listens to and examines the audit opinions and recommendations of the independent certified public accountants. In addition, the Audit Committee exchanges opinions with the independent certified public accountants on major audit considerations.
- The Group Internal Audit Department exchanges views with the independent certified public accountants on risk recognition regarding financial reporting as necessary, and works to strengthen collaboration in order to enhance the effectiveness and efficiency of the supervisory function.
- The internal control-related functions provide the necessary information for audits to the Group Internal Audit Department and the independent certified public accountants, etc. as necessary.

Activities to ensure the effectiveness of audits

- The Group Internal Audit Department has a functional reporting relationship with the Audit Committee and an administrative reporting relationship with the Group CEO. The Chief Audit Executive ("CAE") has the right of unlimited access, direct reporting and direct communication with the Audit Committee, which is composed entirely of outside directors, and the Group CEO.
- The Group Internal Audit Department establishes the annual audit plan with approval of the Audit Committee, which is an internal body of the Board of Directors, and the Group CEO. Additionally, the Group Internal Audit Department reports on the results of its internal audits to the Audit Committee, the Group CEO, and all directors. Although there is no mechanism to report these directly to the Board of Directors, the Chair of the Audit Committee reports to the Board of Directors that these have been reported to and approved by the Audit Committee and the Group CEO, as well as the content of discussions at the Audit Committee.
- The Group Internal Audit Department establishes the internal audit rules with approval of the Audit Committee.

Interactions among outside directors' monitoring, internal audit, audit conducted by the Audit Committee and external audit, and with the internal control-related functions

- Outside directors, as members of the Board of Directors, determine the company's direction and strategy, establish basic policy on the internal control system and determine execution of important business affairs. They also demonstrate highly effective oversight functions through reporting about the status of the performance of duties by the Audit Committee and executive officers and reporting as to the status of operation of internal control systems within the internal control-related functions etc., separating from the execution of operations.

- The Audit Committee is composed entirely of outside directors. The Audit Committee conducts an audit regarding the status of the performance of directors' and executive officers' duties and an oversight of the Company's independent certified public accountants in terms of its objectivity and independence.
- The Audit Committee Secretariat provides an opportunity for an interview between members of the Audit Committee and executive officers of ORIX Group in order that members consisting of solely outside directors obtain further understanding of ORIX Group's business.
- After the closing of the Board of Directors meetings, debriefing sessions are held to report the current status of each business, business strategy, progress of projects, etc. and to share information necessary to enable appropriate oversight by the outside directors.

AUDITOR INDEPENDENCE

Presently, our independent certified public accountants are KPMG AZSA LLC. The independence of KPMG AZSA LLC has been evaluated by our Audit Committee. KPMG AZSA LLC has continuously audited ORIX Group since 1985.

ORIX Group prepares consolidated financial statements in accordance with U.S. GAAP. U.S. GAAP consolidated financial information is used by management for evaluating our performance and forms the basis for presentation of financial information to our shareholders. The consolidated financial statements prepared in accordance with U.S. GAAP that are included in this annual report filed with the SEC have been audited by KPMG AZSA LLC, which is registered with the Public Company Accounting Oversight Board ("PCAOB") in the United States.

We select the independent certified public accountants to conduct the Company's audit or determine the reappointment thereof based on "Basic Policy on the Evaluation, Appointment and Reappointment of the Independent Certified Public Accountants" (hereinafter, "Basic Appointment Policy") defined by the Audit Committee, which takes into consideration their independence from the Company, as well as their expert knowledge, comprehensive ability to conduct audits and audit quality.

With regard to the independent certified public accountants, based on "Basic Appointment Policy", if we deem that the independent certified public accountants do not demonstrate adequate expert knowledge, comprehensive ability to conduct audits, audit quality, or if they are in violation of laws or regulations, including the Companies Act and the Certified Public Accountants Act, if they are offensive to public order and morals, or if there are other suitable reasons, the Company's Audit Committee shall submit a proposal to the General Meeting of Shareholders concerning the dismissal or non-reappointment of the independent certified public accountants.

In addition, if the Company's Audit Committee deems that the independent certified public accountants' circumstances qualify as a reason for dismissal provided for in Article 340, Paragraph (1) of the Companies Act, the Audit Committee shall dismiss the independent certified public accountants.

Based on "Basic Appointment Policy", we evaluate the independent certified public accountants every year as follows.

The Accounting Department conducts a satisfaction survey of the major group companies that have direct contact with the independent certified public accountants and evaluates them as the accounting department based on the results of the survey.

The Audit Committee evaluates the independent certified public accountants based on an evaluation checklist, direct assessments through meetings with the independent certified public accountants, and questionnaire surveys of the major group companies.

In the fiscal year under review, the Audit Committee conducted the aforementioned evaluation and comprehensively deliberated the content. As a result, we determined that it was desirable to reappoint KPMG AZSA LLC as the independent certified public accountants.

In the opinion of management, the provision of non-audit services did not impair the independence of KPMG AZSA LLC.

DIRECTORS

The Member of the Board of Directors of ORIX as of June 22, 2026 are as follows:

Name (Date of birth)	Current positions and principal outside positions [1]	Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 22, 2026
Makoto Inoue (Oct. 2, 1952)	Member of the Board of Directors, Representative Executive Officer, Chairman	Apr. 1975 Joined the Company Mar. 2001 General Manager of Investment Banking Headquarters Jan. 2003 Deputy Head of Investment Banking Headquarters Feb. 2005 Assumed office of Executive Officer, the Company Head of Alternative Investment & Development Headquarters Jan. 2006 Assumed office of Managing Executive Officer, the Company Dec. 2006 Head of Alternative Investment & Development Headquarters, Responsible for IT Planning Office Jun. 2008 Head of International Administrative Headquarters, Head of Alternative Investment & Development Headquarters, Responsible for IT Planning Office Jun. 2009 Assumed office of Senior Managing Executive Officer, the Company Jun. 2010 Assumed office of Member of the Board of Directors, Deputy President, the Company Jan. 2011 Assumed office of Member of the Board of Directors, Representative Executive Officer, President, the Company Chief Operating Officer Jan. 2014 Co-Chief Executive Officer	105,000 (922,508)

Name (Date of birth)	Current positions and principal outside positions [1]	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 22, 2026
		Jun. 2014	Chief Executive Officer (retired in Jan. 2026)	
		Jan. 2017	Responsible for Group IoT Business Department, Responsible for New Business Development Department I and II	
		Apr. 2017	Responsible for Group IoT Business Department, Responsible for New Business Development Department	
		May 2017	Responsible for Open Innovation Business Department, Responsible for Group IoT Business Department, Responsible for New Business Development Department	
		Jan. 2018	Responsible for Group Strategy Business Unit	
		Jan. 2025	Assumed office of Member of the Board of Directors, Representative Executive Officer, Chairman, the Company	
Hidetake Takahashi (Jan. 13, 1971)	Member of the Board of Directors, Representative Executive Officer, President and Chief Executive Officer Responsible for Digital Innovation Unit	Apr. 1993	Joined the Company	7,100 (182,486)
		Feb. 2010	General Manager of Business Development and Investment Group I, Investment Banking Headquarters	
		Jun. 2010	Assumed office of Executive Officer, DAIKYO INCORPORATED	
		Sep. 2011	General Manager of Planning Department, Investment and Operation Headquarters	
		Nov. 2011	General Manager of Business Development Department, Investment and Operation Headquarters	
		Jan. 2014	General Manager of Business Development Department, Energy and Eco Services Headquarters	
		Jan. 2017	Deputy Head of Energy and Eco Services Headquarters, General Manager of Business Development Department	

Name (Date of birth)	Current positions and principal outside positions [1]	Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 22, 2026
		Mar. 2017 Deputy Head of Energy and Eco Services Headquarters, General Manager of Global Business Development Department, Energy and Eco Services Headquarters May 2018 Assumed office of Member of the Board of Directors, ORIX Corporation UK Limited Jan. 2020 Assumed office of Executive Officer, the Company Head of Energy and Eco Services Headquarters Sep. 2020 Assumed office of Member of the Board of Directors, Ubiteq, INC. Jan. 2022 Assumed office of Managing Executive Officer, the Company Jan. 2024 Assumed office of Senior Managing Executive Officer, the Company Group Strategy Business Unit, Responsible for Global Investment Strategy Jun. 2024 Assumed office of Member of the Board of Directors, Senior Managing Executive Officer, the Company Jan. 2025 Assumed office of Member of the Board of Directors, Representative Executive Officer, President, the Company Chief Operating Officer Responsible for Group Strategy Business Unit Jan. 2026 Chief Executive Officer Responsible for Digital Innovation Unit Responsible for Corporate Strategy and Management Unit	

Name (Date of birth)	Current positions and principal outside positions [1]	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 22, 2026
Satoru Matsuzaki (Apr. 12, 1966)	Member of the Board of Directors, Deputy President Executive Officer, Chief Operating Officer, Japan & APAC Business Unit	Apr. 1989	Joined Crown Leasing Corporation (retired in Apr. 1997)	10,719 (248,440)
		Aug. 1997	Joined the Company	
		Oct. 2005	General Manager of Strategic Planning Group, Investment Banking Headquarters	
		Apr. 2006	General Manager of Investment and Operation Group, Investment Banking Headquarters	
		Feb. 2010	Head of Office of the President	
		Jun. 2010	General Manager of Corporate Planning Department	
		Jan. 2012	General Manager of Corporate Planning Department, General Manager of Corporate Communications Department	
		May 2012	General Manager of Corporate Planning Department, Special Advisor to Responsible for Corporate Communications Department	
		Jan. 2013	Assumed office of Executive Officer, the Company Responsible for Corporate Planning Department, Responsible for Corporate Communications Department	
		Jan. 2014	Domestic Sales Administrative Headquarters: Head of New Business Development and Head of Tokyo Sales	
		Jun. 2015	Responsible for New Business Development Department I and II, Head of Tokyo Sales Headquarters	
		Jan. 2017	Head of Eastern Japan Sales Headquarters	
		Jan. 2018	Assumed office of Managing Executive Officer, the Company Head of Domestic Sales Administrative Headquarters, Head of Eastern Japan Sales Headquarters	

Name (Date of birth)	Current positions and principal outside positions [1]	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 22, 2026
		Jan. 2019	Head of Corporate Business Headquarters	
		Jun. 2019	Assumed office of Member of the Board of Directors, Managing Executive Office, the Company	
		Jan. 2020	Assumed office of Member of the Board of Directors, Senior Managing Executive Officer, the Company Chairperson, ORIX Auto Corporation, Chairperson, ORIX Rentec Corporation	
		Jan. 2025	Assumed office of Member of the Board of Directors, Deputy President Executive Officer, the Company	
		Apr. 2025	Group Strategy Business Unit, Responsible for Asia and Australia	
		Jul. 2025	Group Strategy Business Unit Responsible for Asia-Pacific	
		Jan. 2026	Responsible for Japan & APAC Business Unit	
		Apr. 2026	Chief Operating Officer, Japan & APAC Business Unit	
Stan Koyanagi (Dec. 25, 1960)	Member of the Board of Directors, Senior Managing Executive Officer, Global General Counsel Responsible for Legal and Compliance Unit	Oct. 1985	Joined SHEPPARD, MULLIN, RICHTER & HAMPTON LLP (retired in May 1988)	5,000 (0)
		Jan. 1993	Partner, GRAHAM & JAMES LLP (currently Squire Patton Boggs LLP) (retired in Feb. 1997)	
		Mar. 1997	Vice President, ORIX USA Corporation (currently ORIX Corporation USA)	
		Mar. 1999	General Counsel, Vice President and Manager, ORIX USA Corporation (currently ORIX Corporation USA) (retired in Dec. 2003)	
		Jan. 2004	Vice President and Associate General Counsel, KB HOME (retired in Jun. 2013)	

Name (Date of birth)	Current positions and principal outside positions [1]	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 22, 2026
		Jul. 2013	Joined the Company Global General Counsel of Global Business Headquarters	
		Jun. 2017	Assumed office of Member of the Board of Directors, Managing Executive Officer, the Company Responsible for Enterprise Risk Management, Global General Counsel	
		Jun. 2018	Head of Enterprise Risk Management Headquarters	
		Jan. 2019	Responsible for Enterprise Risk Management Headquarters	
		Jan. 2022	Responsible for Legal and Compliance Headquarters	
		Jan. 2023	Assumed office of Member of the Board of Directors, Senior Managing Executive Officer, the Company Responsible for Legal Function Unit	
		Jan. 2026	Responsible for Legal and Compliance Unit	
Hiroshi Watanabe (Jun. 26, 1949)	Member of the Board of Directors (Outside Director) Visiting professor, Faculty of Business Administration at Tokyo Seitoku University	Apr. 1972	Joined the Ministry of Finance	0 (11,000)
		Jan. 2003	Director-General, International Bureau, Ministry of Finance	
		Jul. 2004	Vice Minister of Finance for International Affairs, Ministry of Finance (retired in Jul. 2007)	
		Oct. 2007	Special Advisor, Japan Center for International Finance (retired in Sep. 2008)	
		Apr. 2008	Professor, Graduate School of Commerce and Management at Hitotsubashi University (currently Graduate School of Business Administration at Hitotsubashi University) (retired in Sep. 2008)	
		Oct. 2008	Assumed office of Deputy Governor, Japan Finance Corporation (retired in Mar. 2012)	

Name (Date of birth)	Current positions and principal outside positions [1]	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 22, 2026
		Apr. 2012	Assumed office of Deputy Governor, Japan Bank for International Cooperation	
		Dec. 2013	Assumed office of Governor, Japan Bank for International Cooperation (retired in Jun. 2016)	
		Oct. 2016	Assumed office of President, Institute for International Monetary Affairs (retired in Jun. 2025)	
		Jun. 2020	Assumed office of Member of the Board of Directors (Outside Director), the Company	
		Apr. 2025	Visiting professor, Faculty of Business Administration at Tokyo Seitoku University	
Aiko Sekine (May 13, 1958)	Member of the Board of Directors (Outside Director) Professor, Faculty of Commerce at Waseda University Trustee, International Valuation Standards Council Advisor, Japanese Institute of Certified Public Accountants Audit & Supervisory Board Member (Outside), IHI Corporation Member of the Board of Directors (Outside Director), NIPPON STEEL CORPORATION	Apr. 1981	Joined Citibank, N.A., Tokyo Branch (retired in Jan. 1984)	0 (11,000)
		Oct. 1985	Joined Aoyama Audit Corporation	
		Mar. 1989	Certified as Public Accountant, Japan	
		Jul. 2001	Partner of Chuo Aoyama Audit Corporation (retired in Aug. 2006)	
		Sep. 2006	Partner of PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC) (retired in Jul. 2016)	
		Jul. 2007	Executive Board Member of Japanese Institute of Certified Public Accountants	
		Jan. 2008	Board Member of International Ethics Standards Board for Accountants, International Federation of Accountants (retired in Dec. 2010)	
		Jul. 2010	Assumed office of Deputy President of Japanese Institute of Certified Public Accountants	
		Jul. 2016	Assumed office of Chairman and President of Japanese Institute of Certified Public Accountants (retired in Jul. 2019)	

Name (Date of birth)	Current positions and principal outside positions [1]	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 22, 2026
		Jan. 2019	Member of the Nominating Committee, International Federation of Accountants (retired in Dec. 2022)	
		Jul. 2019	Advisor, Japanese Institute of Certified Public Accountants	
		Jun. 2020	Assumed office of Member of the Board of Directors (Outside Director), the Company	
			Assumed office of Audit & Supervisory Board Member (Outside), IHI Corporation	
		Sep. 2020	Professor, Faculty of Commerce at Waseda University	
		Oct. 2020	Trustee, International Valuation Standards Council	
		Jun. 2024	Assumed office of Member of the Board of Directors (Outside Director), NIPPON STEEL CORPORATION	
Chikatomo Hodo (Jul. 31, 1960)	Member of the Board of Directors (Outside Director) Member of the Board of Directors (Outside Director), Sumitomo Mitsui Banking Corporation	Sep. 1982	Joined Arthur Andersen & Co. (currently Accenture Japan Ltd.)	0 (9,500)
		Sep. 2005	Assumed office of Representative Director, Accenture Japan Ltd.	
		Apr. 2006	Assumed office of Representative Director and President, Accenture Japan Ltd.	
		Sep. 2015	Assumed office of Director and Chairman, Accenture Japan Ltd. (retired in Aug. 2017)	
		Sep. 2017	Assumed office of Director and Senior Corporate Advisor, Accenture Japan Ltd. (retired as a Director on Jun. 2018)	
		Jul. 2018	Senior Corporate Advisor, Accenture Japan Ltd. (retired in Aug. 2021)	
		Jun. 2021	Assumed office of Member of the Board of Directors (Outside Director), the Company	
		Jun. 2023	Assumed office of Member of the Board of Directors (Outside Director), Sumitomo Mitsui Banking Corporation	

Name (Date of birth)	Current positions and principal outside positions [1]	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 22, 2026
Noriyuki Yanagawa (Apr. 23, 1963)	Member of the Board of Directors (Outside Director) Professor, Graduate School of Economics at the University of Tokyo Member of the Board of Directors (Outside Director), Shizuoka Financial Group, Inc.	Apr. 1993 Apr. 1996 Apr. 2007 Dec. 2011 Jun. 2022 Jun. 2026	Specialized Teacher, Faculty of Economics of Keio University Assistant Professor, Graduate School of Economics at the University of Tokyo Associate Professor, Graduate School of Economics at the University of Tokyo Professor, Graduate School of Economics at the University of Tokyo Assumed office of Member of the Board of Directors (Outside Director), the Company Assumed office of Member of the Board of Directors (Outside Director), Shizuoka Financial Group, Inc.	0 (8,000)
Mami Yunoki (May 27, 1963)	Member of the Board of Directors (Outside Director) Part-time lecturer at the Graduate School of Hitotsubashi University Representative, Mami Yunoki Certified Public Accountant Office Outside Audit & Supervisory Board Member, Chugai Pharmaceutical Co., Ltd. Member of the Board of Directors (Outside Director), Daiwa Securities Group Inc.	May 1985 Mar. 1988 Sep. 2006 Jul. 2008 Jul. 2016	Joined Aoyama Audit Corporation Certified as Public Accountant, Japan Joined PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC) Partner of PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC) Member of the firm management committee and executive officer in charge of the manufacturing, distribution, and services divisions of PricewaterhouseCoopers Aarata LLC (currently PricewaterhouseCoopers Japan LLC)	0 (2,000)

Name (Date of birth)	Current positions and principal outside positions [1]	Business experience		Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 22, 2026
			Member of the Examination Board on Strengthening of Financial Functions, Financial Services Agency	
		Sep. 2019	Partner of the manufacturing, distribution, and services divisions of PricewaterhouseCoopers Aarata LLC (currently PricewaterhouseCoopers Japan LLC) (retired in Jun. 2023)	
		Sep. 2020	Part-time lecturer at the Graduate School of Hitotsubashi University	
		Jul. 2023	Representative, Mami Yunoki Certified Public Accountant Office	
		Mar. 2024	Outside Audit & Supervisory Board Member, Chugai Pharmaceutical Co., Ltd.	
		Jun. 2024	Member of the Board of Directors (Outside Director), Daiwa Securities Group Inc.	
		Jun. 2025	Assumed office of Member of the Board of Directors (Outside Director), the Company	
Miwa Seki (Feb. 25, 1965)	Member of the Board of Directors (Outside Director) General Partner, MPower Partners Fund L.P. Member of the Board of Directors (Outside Director), Daiwa House Industry Co., Ltd.	Apr. 1988	Joined DENTSU INC. (retired in Mar. 1989)	0 (2,000)
		Apr. 1989	Joined Smith Barney (retired in Jul. 1991)	
		Sep. 1993	Joined Morgan Stanley (retired in Jan. 1997)	
		Feb. 1997	Joined Clay Finlay Limited	
		Jan. 2000	Founder and President, Mei Corporation Y.K. (retired in Aug. 2013)	
		Jan. 2003	General Manager, Tokyo Branch, Clay Finlay Limited (retired in Aug. 2007)	
		Apr. 2015	Associate Professor, Faculty of Foreign Studies at Kyorin University (retired in Mar. 2021)	

Name (Date of birth)	Current positions and principal outside positions [1]	Business experience	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 22, 2026
		Jun. 2020 Member of the Board of Directors (Outside Director), Daiwa House Industry Co., Ltd. May 2021 General Partner, MPower Partners Fund L.P. Jun. 2025 Assumed office of Member of the Board of Directors (Outside Director), the Company	

Notes: 1. All ORIX Members of the Board of Directors are engaged full-time except Hiroshi Watanabe, Aiko Sekine, Chikatomo Hodo Noriyuki Yanagawa, Mami Yunoki and Miwa Seki.
2. Name on the family register of Aiko Sekine is Aiko Sano.
3. Name on the family register of Mami Yunoki is Mami Kato.

EXECUTIVE OFFICERS

The executive officers of the ORIX Group as of June 22, 2026, excluding those who are also directors as listed above are as follows:

Name	Title	Areas of duties	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 22, 2026
Yoshiteru Suzuki	Senior Managing Executive Officer	Chief Operating Officer, USA & Europe Business Unit President and Chief Executive Officer, ORIX Corporation USA	0 (180,010)
Shuji Irie	Senior Managing Executive Officer	Chief Operating Officer, Infrastructure Business Unit	131,600 (15,570)
Masataka Yamada	Senior Managing Executive Officer	Chief Financial Officer and Chief Strategy Officer Corporate Strategy and Management Unit	0 (6,228)
Eiji Arita	Managing Executive Officer	Japan & APAC Business Unit Corporate Business Headquarters Member of the Board of Directors (Outside Director), Kanamoto Co., Ltd.	1,600 (80,875)
Seiichi Miyake	Managing Executive Officer	Japan & APAC Business Unit Investment and Operation Headquarters	4,419 (80,875)

Name	Title	Areas of duties	Number of shares held (number of shares scheduled to be issued by share-based compensation plans) in the Company as of June 22, 2026
Yuji Kamiyauchi	Managing Executive Officer	Japan & APAC Business Unit	5,888
		Maintenance Leasing	(100,375)
		Chairperson, ORIX Auto Corporation	
		President, ORIX Rentec Corporation	
Nobuki Watanabe	Managing Executive Officer	Infrastructure Business Unit	641
		Osaka IR Business	(87,289)
Takashi Otsuka	Managing Executive Officer	Chief Risk Officer	2,332
		Risk Management Unit	(45,289)
Tatsuya Kitamura	Managing Executive Officer	Infrastructure Business Unit	8,000
		Real Estate Business	(33,372)
		Real Estate Sales Department	
		Public Infrastructure Business Department	
		President, ORIX Real Estate Corporation	
Tetsuya Kotera	Executive Officer	Japan & APAC Business Unit	2,619
		Corporate Business Headquarters	(70,710)
Tomoko Kageura	Executive Officer	Legal and Compliance Unit	5,713
		Corporate legal affairs	(72,793)
Hiroyuki Ido	Executive Officer	Digital Innovation Unit	0
		Business Process Transformation Department	(59,793)
Ryujiro Tokuma	Executive Officer	Infrastructure Business Unit	4,909
		Global Transportation Services Headquarters	(59,793)
Hao Li	Executive Officer	Japan & APAC Business Unit	0
		Greater China Group	(59,793)
Tomohiko Ishihara	Executive Officer	HR and Administration Unit	382
		Secretariat of The Board of Directors	(45,793)
Taro Baden	Executive Officer	Group Kansai Representative	2,807
		President, ORIX Baseball Club Co., Ltd.	(31,793)
Tony Ahn	Executive Officer	Digital Innovation Unit	0
		Information Security and Technology	(31,793)
Atsunori Sato	Executive Officer	Infrastructure Business Unit	1,400
		Energy and Eco Services Headquarters	(31,793)
		Member of the Board of Directors, Ubiteq, INC.	
Yoshiaki Matsuoka	Executive Officer	Japan & APAC Business Unit	1,600
		Asia-Pacific Business Headquarters	(17,793)
Kei Kitagawa	Executive Officer	Infrastructure Business Unit	6,000
		Global Transportation Services Headquarters	(17,793)
Hiroyuki Ishinaga	Executive Officer	Corporate Strategy and Management Unit	1,600
		Treasury and Corporate Communications	(4,983)
Reiko Okubo	Executive Officer	Corporate Strategy and Management Unit	1,600
		CEO's Office	(4,983)

Notes: 1. Name on the family register of Tomoko Kageura is Tomoko Kanda.
2. Tony Ahn's legal name is Donghee Ahn.

EMPLOYEES

1. Human Resources Strategy and Policies

(1) Human Resources Strategy Aligned with Corporate Strategy

For the Human Resources Strategy Aligned with Corporate Strategy, see "Item 4. Information on the Company—Sustainability at ORIX and Our Initiatives—Addressing Human Capital."

(2) Policy on the Determination of Compensation and Other Benefits

In executing the Company's management strategy and enhancing its medium- to long-term corporate value, it is essential to provide an attractive workplace where employees can thrive with strong motivation and a sense of fulfillment, and where their contributions are appropriately recognized, supported by an appropriately designed and effectively operated compensation system.

Based on this view, ORIX has adopted "evaluation and treatment aligned with job responsibilities and performance" as a basic principle of its compensation system. Fixed compensation is determined based on the roles and job responsibilities expected of each employee, while variable compensation (bonuses) is determined based on performance outcomes. The evaluation program applies to all employees, and bonuses reflect not only individual performance evaluations but also overall company performance. In addition, ORIX has introduced an incentive plan using restricted shares for certain manager- and executive-level employees, with the objective of fostering a greater sense of participation in management and encouraging proactive actions toward medium- to long-term and sustainable improvement of corporate value.

Fair Treatment

Individual goal setting and evaluation consist of a "Goal Contribution Evaluation," which assesses the results achieved by employees against goals (performance responsibilities) set together with their supervisors, and a "Role Behavior Evaluation," which assesses whether expected behavioral guidelines, based on roles for each job category and grade, are demonstrated. The "Goal Contribution Evaluation" is reflected in bonuses, while the "Role Behavior Evaluation" is reflected in salary increases and promotions.

To ensure that the evaluation program functions in a fair and equitable manner, ORIX emphasizes regular dialogue between supervisors and employees. Supervisors clarify the roles and expected performance levels aligned with job responsibilities and set goals accordingly. During the fiscal year, progress reviews are conducted to mutually confirm the status of goal achievement, and goals may be revised or support provided as necessary. At the end of the fiscal year, supervisors provide feedback on evaluation results to support continuous growth and capability development.

ORIX also provides training for supervisors aimed at enhancing their understanding of the evaluation system as evaluators and equipping them with the skills necessary to support the careers of their staff. In addition, through surveys regarding supervisors' behaviors conducted from the perspective of subordinates, the HR function understands managerial conduct, awareness and workplace conditions, and endeavors to enhance the effectiveness of the evaluation system.

Competitive Compensation:

Taking into account the impact of recent inflation on employees, and from the perspective of ongoing investment in human resources that support ORIX's growth strategies, ORIX increased base pay, including starting salaries, during the fiscal year ended in March 2026. From the perspective of attracting and retaining talented employees, ORIX also considers external labor market compensation levels and talent supply-and-demand trends, referencing survey data from third-party compensation research providers, and endeavors to maintain competitive compensation relative to market levels.

ORIX also provides training for supervisors aimed at enhancing their understanding of the evaluation system as evaluators and equipping them with the skills necessary to support the careers of their staff. In addition, through surveys regarding supervisors' behaviors conducted from the perspective of subordinates, the HR function understands managerial conduct, awareness and workplace conditions, and endeavors to enhance the effectiveness of the evaluation system.

2. Employees

As of March 31, 2026, we had 37,286 full-time employees, compared to 33,982 as of March 31, 2025 and 33,807 as of March 31, 2024. We employ 4,961 staff in Corporate Financial Services and Maintenance Leasing, 9,186 staff in Real Estate, 7,794 staff in PE Investment and Concession, 975 staff in Environment and Energy, 2,095 staff in Insurance, 934 staff in Banking and Credit, 325 staff in Aircraft and Ships, 2,070 staff in ORIX USA, 1,645 staff in ORIX Europe, 4,977 staff in Asia and Australia, 2,324 staff as part of our headquarters function as of March 31, 2026. As of March 31, 2026, we had 18,891 temporary employees. Some of our employees are represented by a union. We consider our labor relations to be excellent.

The mandatory retirement age for our employees is 65, but for our subsidiaries and affiliates the retirement age varies. ORIX and major domestic subsidiaries introduced a system for retirement at age 65 from April 2014. In April 2010, ORIX introduced an early voluntary retirement program that is available to ORIX employees who are at least 45 years old. Employees who take advantage of this program receive their accrued retirement package plus an incentive premium.

ORIX and some of its subsidiaries have established contributory and noncontributory funded pension plans covering substantially all of their employees. The contributory funded pension plans include defined benefit pension plans and defined contribution pension plans. Under the plans, employees are entitled to lump sum payments at the time of termination of their employment or, if enrollment period requirements have been met, to pension payments. Defined benefit pension plans consist of a cash balance plan and a plan in which the amount of the payments are determined on the basis of length of service and remuneration at the time of termination. Our funding policy in respect of these plans is to contribute annually the amounts actuarially determined to be required. Assets of the plans are invested primarily in interest-bearing securities and marketable equity securities. In July 2004, ORIX introduced a defined contribution pension program. In November 2004, we received permission from the Japanese Ministry of Health, Labor and Welfare to transfer the substitutional portion of benefit obligation from our employer pension fund to the government and these assets were transferred back to the government in March 2005. Total costs (termination or pension plans for both employees and directors and corporate auditors) charged to income for all benefit plans (including defined benefit plans) were ¥10,574 million, ¥9,872 million and ¥11,863 million in fiscal 2024, 2025 and 2026, respectively.

Indicators related to diversity (as of March 31, 2026)

			Pay gap between men and women		
Filing Company and Consolidated Subsidiaries	**Percentage of female managers**	**Percentage of male employees taking childcare leave, etc.**	**All employees**	**Of full-time employees**	**Of fixed-term employees and part-time employees**
ORIX Corporation	34.1%	98.4%	64.2%	63.6%	78.6%
ORIX Auto Corporation	21.5%	100.0%	70.0%	68.3%	97.4%
ORIX Rentec Corporation	40.8%	107.6%	68.9%	72.5%	68.0%
ORIX Real Estate Corporation	21.7%	100.0%	70.2%	70.1%	—
ORIX Environmental Resources Management Corporation	10.0%	100.0%	67.2%	73.2%	52.3%
ORIX Life Insurance Corporation	21.9%	66.6%	62.4%	62.0%	56.4%
ORIX Bank Corporation	27.7%	105.5%	64.7%	68.0%	60.2%
ORIX Computer Systems Corporation	20.0%	73.3%	70.8%	70.4%	—
8 Group companies in Japan	29.8%	92.2%	65.0%	65.3%	62.2%

Notes:
1. The percentage of female managers is calculated based on the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64, 2015). Regarding the percentage of female managers, seconded employees are counted as employees of the home company.
2. The percentage of male employees taking childcare leave, etc. is calculated based on the provisions of the Act on the Welfare of Workers Engaged in Childcare or Family Care such as Childcare Leave and Family Care Leave (Act No. 76, 1991), the ratio of childcare leave, etc. taken under Article 71-6, Item 2 of the Enforcement Regulations of the Act on the Welfare of Workers Engaged in Childcare or Family Care such as Childcare Leave and Family Care Leave (Ministry of Labor Ordinance No. 25, 1991). Regarding the percentage of male employees taking childcare leave, etc., it includes those who are taking parental leave, and seconded employees are counted as employees of the home company. Employees whose spouses gave birth in prior years may take childcare leave, etc. in the current year, so the take-up rate may exceed 100%. "—" indicates that there are no eligible employees.
3. The pay gap between men and women shows the ratio of the annual average pay of female employees to the annual average pay of male employees. Regarding the pay gap between men and women, seconded employees are counted as employees of the home company. "—" indicates that there are no eligible employees.
4. The 8 Group Companies in Japan (ORIX Corporation, ORIX Auto Corporation, ORIX Rentec Corporation, ORIX Real Estate Corporation, ORIX Environmental Resources Management Corporation, ORIX Life Insurance Corporation, ORIX Bank Corporation and ORIX Computer Systems Corporation) jointly operate as part of the ORIX Group's personnel strategy and personnel systems.

ORIX offers a variety of work styles and occupations to help employees of diverse backgrounds maximize their performance, and by providing opportunities for them, ORIX supports the realization of the career they desire.

In addition, ORIX implements an evaluation and remuneration system that seeks to provide fair pay based on an employee's seniority, role and duties, with adjustments for personnel evaluations. As of March 31, 2026, the pay gap between men and women in general manager positions was 94.9%. The ORIX Group has set an overall increase in the ratio of female managers as an important ESG-related target and is focusing on the promotion of women.

SHARE OWNERSHIP

As of June 22, 2026, the directors and executive officers of the Company directly held an aggregate of 310,929 Shares, representing 0.02% of the total Shares issued as of such date.

COMPENSATION

To promote greater management transparency in our governance, we had established the Executive Nomination and Compensation Committee in June 1999. Its functions included recommending executive remuneration. In June 2003, we adopted a "Company with Committees" board model and replaced the Executive Nominating and Compensation Committee with separate Nominating and Compensation Committees. For discussion of these committees, see "Item 6. Directors, Senior Management and Employees—Nominating Committee" and "—Compensation Committee."

Compensation for directors and executive officers in fiscal 2026 was as follows (in millions of yen);

	Fixed compensation (Number of people)	Performance-linked compensation (Number of people)	Share-based compensation (Number of people)	Total compensation
Non-Executive Director and Outside Director	¥ 123	—	¥ 26	¥ 150
	(8)	—	(8)	(8)
Executive Officer	¥ 978	¥1,142	¥1,026	¥3,146
	(29)	(29)	(29)	(29)
Total	¥1,102	¥1,142	¥1,053	¥3,297
	(37)	(29)	(37)	(37)

The above list is the amount paid in accordance with the policies for the compensation of directors and Executive Officers resolved by the Compensation Committee held on June 25, 2025.

The amount paid listed in the table above with regard to the share-based compensation is calculated by multiplying the number of points confirmed to be provided as the portion for the fiscal year ended in March 2026 by the stock market price paid by the trust when ORIX's shares were acquired (¥2,248.39 per share).

The targets and results with regard to the KPIs of the performance-linked compensation listed in the table above are as follows:

- Company-wide performance indicator

We targeted the planned value of the consolidated net income set by the compensation committee towards the achievement of the Company's mid-term strategic directions, and achieved 118%.

- Division performance indicator

We set the performance target for each division based on the company-wide performance target, and achieved 0% to 300% (median:105%) by 29 Executive Officers (based on the total evaluation including qualitative assessment).

Compensation for Makoto Inoue, Member of the Board of Directors, Representative Executive Officer, Chairman of ORIX, for fiscal 2026 was ¥169 million in fixed compensation, ¥200 million in performance-linked compensation and ¥182 million in share-based compensation.

Compensation for Hidetake Takahashi, Member of the Board of Directors, Representative Executive Officer, President and Chief Executive Officer of ORIX, for fiscal 2026 was ¥142 million in fixed compensation, ¥168 million in performance-linked compensation and ¥152 million in share-based compensation.

Compensation for Satoru Matsuzaki, Member of the Board of Directors, Deputy President Executive Officer of ORIX, for fiscal 2026 was ¥97 million in fixed compensation, ¥103 million in performance-linked compensation and ¥90 million in share-based compensation.

Compensation for Stan Koyanagi, Member of the Board of Directors, Senior Managing Executive Officer of ORIX, for fiscal 2026 was ¥106 million (¥16 million from the Company and ¥90 million from ORIX Corporation USA) in fixed compensation and ¥211 million (¥211 million from ORIX Corporation USA) in performance-linked compensation.

Compensation for Yasuaki Mikami, Member of the Board of Directors, Senior Managing Executive Officer of ORIX, for fiscal 2026 was ¥42 million in fixed compensation, ¥39 million in performance-linked compensation and ¥36 million in share-based compensation.

Compensation for Eiji Arita, Managing Executive Officer of ORIX, for fiscal 2026 was ¥33 million in fixed compensation, ¥45 million in performance-linked compensation and ¥36 million in share-based compensation.

Compensation for Seiichi Miyake, Managing Executive Officer of ORIX, for fiscal 2026 was ¥33 million in fixed compensation, ¥71 million in performance-linked compensation and ¥36 million in share-based compensation.

The actual total amount of the share-based compensation paid in fiscal 2026 was ¥584 million paid to two directors and three executive officers (including those serving concurrently as directors and Executive Officers) who retired during fiscal 2026.

The Compensation Committee sets the following "Policy of Determining Compensation of Directors and Executive Officers."

Policy of Determining Compensation of Directors and Executive Officers

ORIX's business objective is to increase shareholder value over the medium- to long-term. ORIX believes in the importance of each director and Executive Officer responsibly performing his or her duties, and cooperation among different business units in order to achieve continued growth of the ORIX Group. The Compensation Committee believes that in order to accomplish such business objectives, directors and Executive Officers should place emphasis not only on performance during the current fiscal year, but also on medium- to long-term results. Accordingly, under the basic policy that compensation should provide effective incentives, ORIX takes such factors into account when making decisions regarding the compensation system and compensation levels for directors and Executive Officers. Taking this basic policy into consideration, we have established separate policies for the compensation of directors and Executive Officers in accordance with their respective roles based on a decision of the compensation committee held on June 25, 2025.

Compensation Policy for Directors

The compensation policy for directors who are not also Executive Officers aims for compensation composed in a way that is effective in maintaining the supervisory and oversight functions of Executive Officers' performance in business operations, which is the main duty of directors. Specifically, ORIX's compensation structure for directors consists of fixed compensation and share-based compensation*. In addition, the Company strives to maintain a competitive level of compensation with director compensation according to the role fulfilled, and receives third-party research reports on director compensation for this purpose.

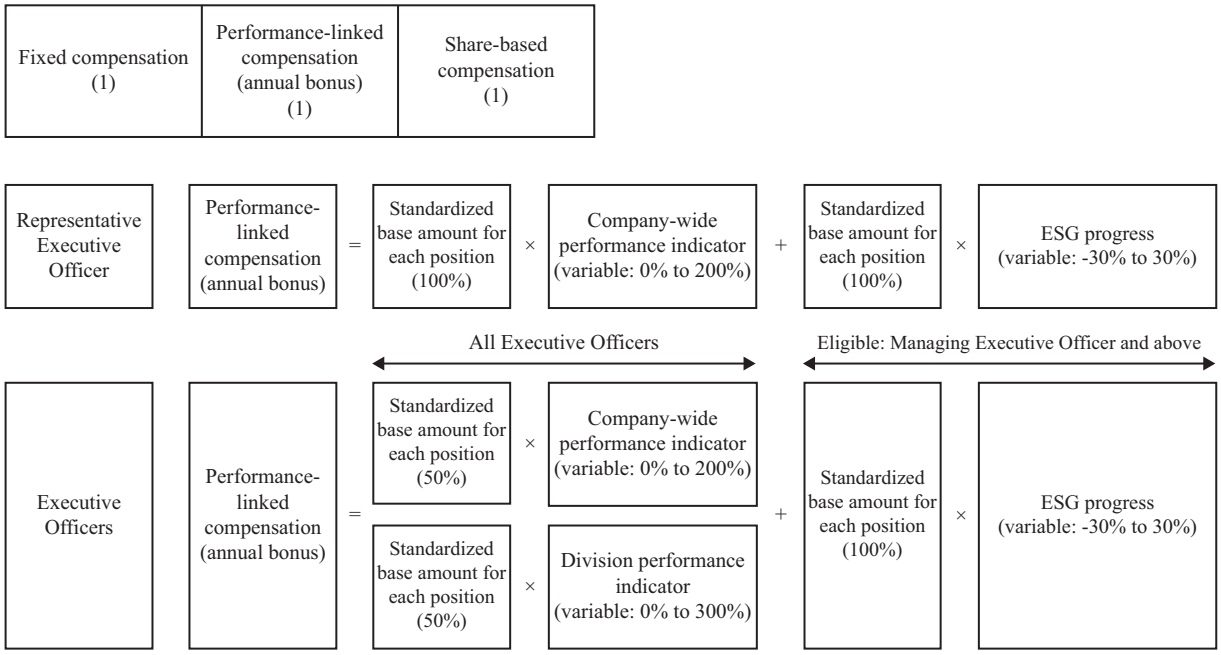
Fixed compensation is, in principle, a certain amount that is added to the compensation of the chairperson and member of each committee. For share-based compensation reflecting medium- to long-term performance, directors are granted points on an annual basis for their period of service, and they are paid in ORIX shares corresponding to the amount of points they have accumulated at the time of retirement.

Compensation Policy for Executive Officers

The compensation policy for executive officers, including those who are also directors, aims for a level of compensation that is effective in maintaining business operation functions, while also incorporating a component that is linked to current period business performance. Specifically, ORIX's compensation structure for executive officers consists of fixed compensation, performance-linked compensation, and share-based compensation**. In principle, the compensation mix for executive officers is to set the ratio fixed compensation, performance-linked compensation, and share-based compensation to 1:1:1. In addition, based on the outcome of a third-party compensation research agency investigation, the Company strives to maintain a competitive level of compensation with executive officer compensation functioning as an effective incentive.

Fixed compensation is decided for each individual based on a standard amount for each position. Compensation linked to business performance for the fiscal year ended March 2026 uses the level of

achievement against the planned value of the consolidated net income as a company-wide performance indicator, adjusting 50% of the position-based standard amount within the range of 0% to 200% while, at the same time, using the level of achievement of the target of the division for which the relevant executive officer was responsible*** as a division performance indicator, adjusting 50% of the position-based standard amount within the range of 0% to 300%. In the case of Representative Executive Officers, the level of achievement against the planned value of the consolidated net income is used as a sole performance indicator, adjusting the standard amount within the range of 0% to 200%. These performance indicators are selected based on the Company's mid-term strategic directions. In addition to the above, annual bonuses for Executive Officers at the Managing Executive Officer level and above will be increased or decreased by an amount ranging from 0% to 30% of the base amount for each position based on progress toward the ESG-related Key Goals. If progress towards ESG-related Key Goals is proceeding as planned, the annual bonus will not be adjusted. For share-based compensation reflecting medium- to long-term performance, executive officers are granted points based on their position, and they are paid in ORIX shares corresponding to the amount of points they have accumulated at the time of retirement.



* Share-based compensation is the Board Incentive Plan Trust in which directors and Executive Officers are granted points on an annual basis for their period of service, and at the time of retirement, ORIX's shares are delivered through a trust to them in accordance with the number of points they have accumulated. The amount of points to be granted is determined in accordance with the guidelines adopted by the compensation committee. The compensation committee does not set a minimum ownership period for the shares delivered under the plan. The compensation committee can forfeit the share-based compensation from a recipient director or executive officer, if it finds he/she engaged in serious misconduct that could cause damage to the Company during his/her period of service.

** Compensation for executive officers based on foreign branches or executive officers with special expertise is determined based on individual deliberation about foreign local compensation practices/levels or their special expertise, as the case may be.

*** The level of achievement of each division performance with regard to the performance-based compensation is measured based on a total evaluation focusing on the achievement rate against the planned value of each division and taking into account qualitative factors (such as target levels, details of achievement, future growth potential, effort status to ESG, etc.)

Compensation Clawback Policy

The Company has established a Compensation Clawback Policy pursuant to applicable New York Stock Exchange listing standards. This Policy provides for the clawback of performance-linked compensation (annual bonus) received in excess of executive officers' original salaries based on erroneous financial statements in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements.

For the authority, discretion and activity of Compensation Committee, refer to "Item 6. Directors, Senior Management and Employees—Structure and Activities of the Three Committees—Compensation Committee."

The Compensation Committee conducts a comprehensive review, including confirming whether the specific compensation, etc. for individual Directors and Executive Officers is consistent with the compensation policies based on the resolution at the Compensation Committee meeting held on June 25, 2025, determines the compensation after verifying that the level of compensation is appropriate based on third-party research reports on Director compensation and other information, and judges whether the compensation is in line with the compensation policies.

In addition, to further strengthen the sharing of profits with our shareholders and stakeholders, we have established shareholding guidelines for our directors and executive officers to hold certain numbers of our shares in June 2005.

In June 2005, we introduced the share-based compensation, which is a program in which points are annually allocated to directors and executive officers based upon prescribed standards while in office, and the actual number of ORIX's shares calculated based on the number of accumulated points is provided at the time of retirement. In July 2014, we started to provide these shares through a trust established by the Board Incentive Plan Trust. The Company entrusts money to the "Board Incentive Plan Trust", which acquires ORIX's shares from the stock market for directors and executive officers at the end of his or her tenure using money contributed in advance. The total number of points of the share-based compensation granted to directors and executive officers for fiscal 2026 is equivalent to 468,402 points. Under this system, ¥584 million, which is equivalent to 260,092 points accumulated up to the end of tenure, was paid to directors and executive officers who left their positions during fiscal 2026. As a result, the balance to directors and executive officers as of March 31, 2026 was 2,386,190 points.

There are no service contracts between any of our directors or executive officers and the Company or any of its subsidiaries providing for benefits upon termination of employment.

No stock options were granted in any year since 2009. Each unit of the Shares has one vote. We have not issued any preferred shares.

STOCK OPTION PLAN

We have adopted various incentive plans including a stock option plan. The purpose of our stock option plan is to enhance the link between management, corporate performance and stock price, and, in this way, improve our business results. These plans are administered by ORIX's Human Resources Department. For further discussion of stock-based compensation, see Note 19 of "Item 18. Financial Statements."

At the annual general meetings of shareholders in the years from 1997 to 2000 inclusive, our shareholders approved stock option plans under which ORIX purchased shares from the open market and held them for transfer to ORIX's directors and executive officers and some employees upon the exercise of their options. Shareholders also approved a stock subscription rights plan in 2001 and stock acquisition rights plans from 2002 to 2005. From 2006 to 2008, the Compensation Committee approved stock acquisition rights plans for our directors and executive officers, and shareholders approved similar plans for certain ORIX employees, as well as

directors, executive officers and certain employees of our subsidiaries and affiliates. From 2009 to 2026, no stock option plans were adopted for our directors, executive officers, employees, or those of our subsidiaries and affiliates.

DISCLOSURE OF A REGISTRANT`S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION

Not applicable.

Item 7. Major Shareholders and Related Party Transactions

MAJOR SHAREHOLDERS

The following table shows our major shareholders registered on our Register of Shareholders as of March 31, 2026.

Each unit of Shares (1 unit = 100 Shares) has one vote, and none of our major shareholders have different voting rights. We do not issue preferred shares.

Name	Number of Shares held	Percentage of Issued shares
	(Thousands)	(%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	206,924	18.78
Custody Bank of Japan, Ltd. (Trust Account)	87,980	7.98
STATE STREET BANK AND TRUST COMPANY 505001	34,821	3.16
CITIBANK, N.A.-NY, AS DEPOSITARY BANK FOR DEPOSITARY SHARE HOLDERS	33,263	3.01
JP MORGAN CHASE BANK 385642	18,796	1.70
JP MORGAN CHASE BANK 385781	16,328	1.48
BNYM AS AGT/CLTS 10 PERCENT	15,048	1.36
GOVERNMENT OF NORWAY	12,828	1.16
SIX SIS LTD.	10,374	0.94
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	10,303	0.93

ORIX is not directly or indirectly owned or controlled by any corporations, by any foreign government or by any natural or legal persons severally or jointly. As of March 31, 2026, the percentage of issued Shares held by overseas corporations and individuals was 47.05%. As of March 31, 2026, approximately 33,263,285 ADSs were outstanding (approximately 2.96% of ORIX's issued Shares as of that date). As of March 31, 2026, all our ADSs were held by one record holder in the United States.

On September 19, 2025, Sumitomo Mitsui Trust Bank, Limited submitted a filing to the Kanto Local Finance Bureau indicating that Sumitomo Mitsui Trust Group, Inc., held 60,105,520 Shares, representing 5.17% of ORIX's issued Shares, as part of Sumitomo Mitsui Trust Bank, Limited's assets under management.

RELATED PARTY TRANSACTIONS

To our knowledge, no individual beneficially owns 10% or more of any class of the Shares that might give that individual significant influence over us. In addition, we are not directly or indirectly owned or controlled by, or under common control with, any enterprise.

We may enter into transactions with shareholders or potential large investors in the ordinary course of our business. We may also enter into transactions in the ordinary course of our business with certain key management personnel or with certain companies over which we, or our key management personnel, may have a significant influence. Our business relationships with these companies and individuals cover many of the financial services we provide our clients generally. We believe that we conduct our business with these companies and individuals in the normal course and on terms equivalent to those that would exist if they did not have equity holdings in us, if they were not our key management personnel, or if we or our key management personnel did not have significant influence over them, as the case may be. None of these transactions is or was material to us or, to our knowledge, to the other party.

Other than as outlined below, since the beginning of our last full fiscal year, there have been no transactions or outstanding loans, including guarantees of any kind, and there are none currently proposed, that are material to us, or to our knowledge, to the other party, between us and any (i) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, us; (ii) associates; (iii) individuals owning, directly or indirectly, an interest in the voting power of us that gives them significant influence over us, and close members of any such individual's family; (iv) key management personnel, including directors and senior management of companies and close members of such individuals' families; or (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iii) or (iv) or over which such a person is able to exercise significant influence.

Balance undrawn from the total amount of commitment to be used in accordance with the terms and conditions of relevant agreements to an equity method investee relating to the development of integrated resort, MGM Osaka Corporation, was ¥335,868 million as of March 31, 2026. We will execute the amount of commitment depending on changes in circumstances such as the progress of the development.

Since the beginning of our last full fiscal year, no loans to any of the persons listed in clause (iv) above were made other than those that were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features.

There are no outstanding loans (including guarantees of any kind) made by us or any of our subsidiaries to or for the benefit of any of the persons listed in clauses (i) through (v) above other than those listed in the table below. Certain of our affiliates may fall within the meaning of a related party under clauses (i) or (ii) above. The amount of outstanding loans (including guarantees of any kind) made by us to or for the benefit of all our affiliates, including those which may fall within the meaning of a related party, totaled ¥36,718 million as of March 31, 2026 and did not exceed ¥277,000 million at any time during fiscal 2026.

Each of these loans (including guarantees of any kind) was made in the ordinary course of business. The following table describes, for each related party borrower, the applicable interest rate (or range of interest rates), the largest aggregate amount outstanding during fiscal 2026 and the aggregate amount outstanding as of March 31, 2026.

Related Party	The largest aggregate amount outstanding during fiscal 2026	Aggregate amount outstanding as of March 31, 2026	Interest rate
	(Millions of yen)		(%)
Kansai Airports	¥ 12,329	¥12,002	6.5
E.R.P, S.R.L.	2,502	2,502	5.0
NIDC	1,590	1,590	4.0
HIDROELECTRICA DE TACOTAN SA DE CV	1,486	1,486	12.0 – 16.4
HIDROELECTRICA DE TRIGOMIL SA DE CV	1,234	1,234	12.0 – 16.4
Shinko Medical Support Corporation	1,210	1,100	5.0
First Resort Co., Ltd.	684	546	3.5
Brazatortas 220 Renovables S.L.	232	232	3.3
Escatrón Promotores 400 y 200. S.L.	220	220	3.3
Pacific League Marketing Corporation	192	119	1.6
Brazatortas Renovables 400 Kv AIE	68	68	3.3
Bewen Enerji Anonym Şirketi	66	66	7.5
Beyçelik Elawan Yenilenebilir Enerji Üretimi A.Ş.	59	59	6.0
Timber Parent, LLC	1,017	41	14.0
OA Mobility Limited	11	11	0.0
TACOTAN TRIGOMIL SERVICIOS, S.A.	2	2	3.3
TBJ Holdings, Inc.	122,012	0	2.0
DIC	1,351	0	1.2
FSC Topco, LLC	433	0	14.0
Torigin Leasing Co., Ltd.	0	0	6.9

In addition to the loans described above, we have guarantees in the aggregate amount of ¥15,440 million.

Item 8. Financial Information

All relevant financial statements are attached hereto. See "Item 18. Financial Statements."

LEGAL PROCEEDINGS

We are a plaintiff or a defendant in various lawsuits arising in the ordinary course of our business. We aggressively manage our pending litigation and assess appropriate responses to lawsuits in light of a number of factors, including the potential impact of the actions on the conduct of our operations. In the opinion of management, none of the pending legal matters is expected to have a material adverse effect on our financial condition or results of operations. However, there can be no assurance that an adverse decision in one or more of these lawsuits will not have a material adverse effect.

DIVIDEND POLICY AND DIVIDENDS

See "Item 10. Additional Information—Dividend Policy and Dividends."

SIGNIFICANT CHANGES

None.

Item 9. The Offer and Listing

TOKYO STOCK EXCHANGE

The primary market for the Shares is the Tokyo Stock Exchange. The Shares had been traded on the First Section of the Tokyo Stock Exchange since 1973. Since April 2022, we have transitioned from the First Section to the Prime Market under the restructure of the Tokyo Stock Exchange's market segments.

NEW YORK STOCK EXCHANGE

The ADS are listed on the New York Stock Exchange under the symbol "IX."

Effective February 27, 2025, we implemented a change in the ratio of our ADSs to underlying Shares from one ADS representing five underlying Shares to a ratio of one ADS representing one underlying Share. Following this change, on March 31, 2026, approximately 33,263,285 ADSs were outstanding. This is approximately 2.96% of the total number of Shares issued on that date. On that date, all our ADSs were held by one record holder in the United States.

Item 10. Additional Information

MEMORANDUM AND ARTICLES OF INCORPORATION

Purposes

Our corporate purposes, as provided in Article 2 of our Articles of Incorporation, are to engage in the following businesses: (i) lease, purchase and sale (including purchase and sale on an installment basis), maintenance and management of movable property of all types; (ii) moneylending business, purchase and sale of claims of all types, payment on behalf of third parties, guarantee and assumption of obligations, agent for collection of money and other financial business; (iii) holding, investment in, management, purchase and sale of financial instruments such as securities and other investment business; (iv) advice, brokerage and agency relating to the merger, capital participation, business alliance and business succession and reorganization, etc.; (v) financial instruments and exchange business, financial instruments broker business, banking, trust and insurance business, advisory service business relating to investment in commodities, trust agreement agency business and credit management and collection business; (vi) non-life insurance agency business, insurance agency business under the Automobile Accident Compensation Security Law, and service related to soliciting life insurance;(vii) lease, purchase and sale, ground preparation, development, maintenance and management of real property and warehousing; (viii) contracting for construction, civil engineering, building utility and interior and exterior furnishing, and design and supervision thereof; (ix) management of various facilities for sports, lodging, restaurant, medical treatment, welfare and training and education, and conducting sports, etc.; (x) facility planning, development, maintenance, management and operation of airports, roads, other public facilities and similar kinds of aforementioned facilities and the assumption or undertaking of public works; (xi) production, processing, sale, purchase, research and development of agricultural products, food products and agriculture-related products and facilities; (xii) waste-disposal business; (xiii) trading of emission rights for greenhouse gases and other various subjects; (xiv) power generation business; (xv) supply of various energy resources and the products in relation thereto; (xvi) planning, developing, contracting for, lease and sale of, intangible property rights; (xvii) information processing and providing services, telecommunications business; (xviii) business of dispatching workers to enterprise and employment agency business; (xix) purchase and sale of antiques; (xx) transport business; (xxi) mining of various minerals, and the manufacture and sale of the products in relation thereto; (xxii) business support and consulting; (xxiii) brokerage, agency, investigation, manufacturing, processing, research and development for business relating to any of the preceding items, and

other business; (xxiv) as a result of holding shares in a subsidiary company engaged in those activities, engaging in business relating to any of the preceding items and managing such company's business activities; and (xxv) any and all businesses incidental or related to any of the preceding items.

Directors and Board of Directors, and Committees

There shall be no less than three directors of the Company (Article 16). The term of office of a director is for one (1) year and expires upon conclusion of the annual General Meeting of Shareholders relating to the last fiscal year ending within one year after election of director (Article 18). Resolutions of the Board of Directors are adopted by a majority vote of the directors present at a meeting attended by a majority of the directors who may participate in making resolutions (Article 21).

There is no provision in our Articles of Incorporation as to a director's power to vote on a proposal or arrangement in which the director is materially interested, but, under the Companies Act or Regulations of the Board of Directors, the director must refrain from voting on such matters at meetings of the board of directors. Under the Companies Act, the board of directors may, by resolution, delegate to the executive officers its authority to make decisions with regard to certain important matters, including the incurrence by ORIX of a significant amount of loan, prescribed by law.

We are required to maintain a Nominating Committee, an Audit Committee and a Compensation Committee (Article 10). The Compensation Committee sets the specific compensation for each individual director and executive officer based on the policy for determining compensation for directors and executive officers (see Item 6). No member of the Compensation Committee may vote on a resolution with respect to his or her own compensation as a director.

Neither the Companies Act nor our Articles of Incorporation includes special provisions as to the retirement age of directors, or a requirement to hold any shares of capital stock of ORIX to qualify him or her as a director of ORIX.

Stock

Our authorized share capital is 2,590,000,000 shares. Currently our Articles of Incorporation provide only for the issuance of shares of common stock. All shares of capital stock of us have no par value. All issued shares are fully-paid and non-assessable.

Unless shareholders' approval is required as described in "Voting Rights," the shares will be issued under a resolution approved by the board of directors and a decision made by the executive officer under delegation by the board of directors.

For changes in the number of shares issued for the past three fiscal years, see Note 21 of "Item 18. Financial Statements."

Under the Act on Book-Entry Transfer of Corporate Bonds, Shares, Etc. of Japan and regulations thereunder, or the Book-Entry Law, in Japan, every share which is listed on any of the stock exchanges in Japan shall be transferred and settled only by the central clearing system provided by Japan Securities Depository Center, Inc. ("JASDEC") and all Japanese companies listed on any Japanese stock exchange no longer issue share certificates. Shareholders of listed shares must have accounts at account management institutions to hold their shares unless such shareholder has an account at JASDEC, and any transfer of shares is effected through book entry, and title to the shares passes to the transferee at the time when the transferred number of the shares is recorded in the transferee's account at an account managing institution under the Book-Entry Law. The holder of an account at an account managing institution is presumed to be the legal owner of the shares recorded in such account. Under the Companies Act and the Book-Entry Law, in order to assert shareholders' rights against us, the

transferee must have his or her name and address registered on our Register of Shareholders, except in limited circumstances. Foreign shareholders may file specimen signatures in lieu of seals. Nonresident shareholders are required to appoint a standing proxy in Japan or designate a mailing address in Japan. The registration of transfer and the application for reduced withholding tax on dividends can usually be handled by a standing proxy. See "Taxation—Japanese Taxation." Japanese securities companies and commercial banks customarily will act as standing proxies and provide related services for standard fees.

Our transfer agent is Mitsubishi UFJ Trust and Banking Corporation, located at 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan.

In general, there are no limitations on the right to own shares of our common stock, including the rights of nonresidents or foreign shareholders to hold or exercise voting rights on the securities imposed under Japanese law or by our Articles of Incorporation.

Settlement of transactions for shares listed on any of the stock exchanges in Japan will normally be effected on the third trading day from and including the transaction date. Settlement in Japan shall be made through JASDEC as described above.

Distributions of Surplus

Ordinary Dividends and Interim Dividends may be distributed by us in cash to shareholders or pledgees of record as of March 31 (in the case of Ordinary Dividends) or September 30 (in the case of Interim Dividends) of each year in proportion to the number of shares held by each shareholder or registered pledgee, as the case may be.

We may make distributions of surplus to the shareholders any number of times per fiscal year, subject to certain limitations as described below. Under our Articles of Incorporation, distributions of cash dividends need to be declared by a resolution of the board of directors. Distributions of surplus may be made in cash or in kind in proportion to the number of shares held by respective shareholders. A resolution of the board of directors authorizing a distribution of surplus must specify the kind and aggregate book value of the assets to be distributed, the manner of allocation of such assets to shareholders, and the effective date of the distribution. If a distribution of surplus is to be made in kind, we may, pursuant to a resolution of a general meeting of shareholders or the board of directors, as the case may be, grant a right to the shareholders to require us to make such distribution in cash instead of in kind. If no such right is granted to shareholders, the relevant distribution of surplus must be approved by a special resolution of a general meeting of shareholders.

Under our Articles of Incorporation, if Ordinary Dividends are distributed for common shares, we treat the shareholders or share pledgees registered or recorded on the Register of Shareholders as of March 31 of each year as the people having rights to receive such dividends. In case of the distribution of Interim Dividends, we distribute these to the shareholders or share pledgees registered or recorded on the Register of Shareholders as of September 30 each year. Dividends or other distributable assets shall not incur interest thereon. If the relevant distributed assets are not received within a full three years from the date on which the distribution of relevant distributed assets became effective, we may be released from its obligation to distribute such assets.

Under the Companies Act, when we make distributions of surplus, if the sum of our capital reserve (*shihonjunbikin*) and earned surplus reserve (*riekijunbikin*) is less than one-quarter of our stated capital, we must, until such sum reaches one-quarter of the stated capital, set aside in our capital reserve and/or earned surplus reserve an amount equal to one-tenth of the amount of surplus so distributed as required by ordinances of the Ministry of Justice.

The amount of surplus at any given time must be calculated in accordance with the following formula:

A + B + C + D – (E + F + G)

In the above formula:

"A" = the total amount of other capital surplus and other earnings surplus, each such amount being that appearing on our nonconsolidated balance sheet as of the end of the last fiscal year;

"B" = (if we have disposed of our treasury stock after the end of the last fiscal year) the amount of the consideration for such treasury stock received by us less the book value thereof;

"C" = (if we have reduced our stated capital after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to capital reserve or earned surplus reserve (if any);

"D" = (if we have reduced our capital reserve or earned surplus reserve after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to stated capital (if any);

"E" = (if we have cancelled our treasury stock after the end of the last fiscal year) the book value of such treasury stock;

"F" = (if we have distributed surplus to our shareholders after the end of the last fiscal year) the amount of the assets distributed to shareholders by way of such distribution of surplus;

"G" = certain other amounts set forth in an ordinance of the Ministry of Justice, including (if we have reduced surplus and increased stated capital, capital reserve or earned surplus reserve after the end of the last fiscal year) the amount of such reduction and (if we have distributed surplus to our shareholders after the end of the last fiscal year) the amount set aside in capital reserve or earned surplus reserve (if any) as required by ordinances of the Ministry of Justice.

Under the Companies Act, the aggregate book value of surplus distributed by us may not exceed a prescribed distributable amount, as calculated on the effective date of such distribution. Our distributable amount at any given time shall be the amount of surplus less the aggregate of: (a) the book value of our treasury stock; (b) the amount of consideration for any of our treasury stock disposed of by us after the end of the last fiscal year; and (c) certain other amounts set forth in an ordinance of the Ministry of Justice, including (if the total of the one-half of goodwill and the deferred assets exceeds the total of stated capital, capital reserve and earned surplus reserve, each such amount being that appearing on our nonconsolidated balance sheet as of the end of the last fiscal year) all or certain part of such exceeding amount as calculated in accordance with the ordinances of the Ministry of Justice. If we have opted to become a company that applies the restriction on distributable amounts on a consolidated basis (*renketsu haito kisei tekiyo kaisha*), we will further deduct from the amount of surplus a certain amount which is calculated based on our nonconsolidated and consolidated balance sheets as of the end of the last fiscal year as provided in ordinances of the Ministry of Justice.

If we have prepared interim financial statements as described below after the end of the last fiscal year, and if such interim financial statements have been approved by our board of directors or (if so required) by a general meeting of our shareholders, then the distributable amount must be adjusted to take into account the amount of profit or loss as set forth in ordinances of the Ministry of Justice, and the amount of consideration for any of our treasury stock disposed of by us, during the period in respect of which such interim financial statements have been prepared. Under the Companies Act, we are permitted to prepare nonconsolidated interim financial statements consisting of a balance sheet as of any date subsequent to the end of the last fiscal year and an income statement for the period from the first day of the current fiscal year to the date of such balance sheet. Interim financial statements prepared by us must be reviewed by our accounting auditor, as required by an ordinance of the Ministry of Justice.

In Japan, the ex-dividend date and the record date for dividends precede the date of determination of the amount of the dividend to be paid. The price of the shares generally goes ex-dividend on the second business day prior to the record date.

Capital and Reserves

When we issue new shares, the amount of the cash or assets paid or contributed by subscribers for the new shares (with some exceptions) is required to be accounted for as stated capital, although we may account for an amount not exceeding one-half of the cash or assets as capital reserve by resolutions of the board of directors.

We may at any time transfer the whole or any part of our additional paid-in capital and legal retained earnings to stated capital by a resolution of a general meeting of shareholders. The whole or any part of surplus which may be distributed as Ordinary Dividends or Interim Dividends may also be transferred to stated capital by a resolution of a general meeting of shareholders. We may, by a resolution of a general meeting of shareholders (in the case of the reduction of stated capital, a special resolution of a general meeting of shareholders, see "Voting Rights") reduce stated capital, additional paid-in capital and/or legal retained earnings.

Stock Splits

We may at any time split the shares into a greater number of shares by resolution of the board of directors. When the board of directors resolves on the split of shares, it may also amend the Articles of Incorporation to increase the number of authorized shares to be issued in proportion to the relevant stock split. We must give public notice of the stock split, specifying the record date therefore, not less than two weeks prior to such record date.

On October 26, 2012, the board of directors adopted a resolution on a ten-for-one stock split, effective as of April 1, 2013. The record date for the stock was one day prior to the effective date of the stock split. Our Articles of Incorporation were amended to increase the authorized share capital to cover the number of shares increased by the stock split, which amendment became effective simultaneously with the effectiveness of the stock split.

Unit Share System

Our Articles of Incorporation provides that one hundred shares constitute one "unit" of shares. The number of shares constituting a unit may be altered by amending our Articles of Incorporation. The number of shares constituting a unit is not permitted to exceed 1,000 shares.

A shareholder may not exercise shareholders' rights in relation to any shares that it holds that are less than one unit other than the rights set forth below under the Companies Act and the Articles of Incorporation.

(i) The right to receive the distribution of money, etc., when the Company distributes the money, etc. in exchange for acquiring one class of shares subject to terms under which the Company shall acquire all of such class shares;

(ii) The right to receive the distribution of money, etc., in exchange for acquisition of shares subject to terms under which the Company shall acquire such shares;

(iii) The right to receive allocation of shares when the Company allocates its shares without having a shareholder make new payment;

(iv) The right to demand that the Company purchase shares that are less than one Unit held by the shareholder;

(v) The right to receive distribution of remaining assets;

(vi) The right to demand review of the Articles of Incorporation and the Register of Shareholders and delivery of their copies or a document describing registered matters, etc.;

(vii) The right to demand registration or recordation of matters to be registered or recorded on the Register of Shareholders when the shareholder acquired the shares;

(viii) The right to receive the distribution of money, etc. pursuant to reverse stock split, stock split, allocation of stock acquisition right for free (which means that the Company allocates its stock acquisition right without having a shareholder make new payment), distribution of dividends from retained earnings or change of corporate organization;

(ix) The right to receive the distribution of money, etc. to be distributed pursuant to merger, share exchange or share-transfer effected by the Company;

(x) The right to subscribe to Offering Shares and Offering Stock Acquisition Rights on a pro rata basis based upon the number of shares held by the shareholder; and

(xi) The right to demand that the Company sell to the shareholder the number of additional shares necessary to make the number of shares of less than one Unit held by the shareholder, equal to one Unit.

Under the book-entry transfer system operated by JASDEC, shares constituting less than one unit are generally transferable. Under the rules of the Japanese stock exchanges, however, shares constituting less than one unit do not comprise a trading unit, except in limited circumstances, and accordingly may not be sold on the Japanese stock exchanges.

A holder of shares constituting less than one unit may require us to purchase such shares at their market value in accordance with the provisions of our Share Handling Regulations. In addition, our Articles of Incorporation provide that a holder of shares constituting less than one unit may request us to sell to such holder such amount of shares which will, when added together with the shares constituting less than one unit held by such holder, constitute one unit of shares, in accordance with the provisions of the Share Handling Regulations.

General Meetings of Shareholders

The ordinary general meeting of our shareholders is usually held in Tokyo in June of each year. In addition, we may hold an extraordinary general meeting of shareholders whenever necessary. Notice of a general meeting of shareholders must be dispatched to each shareholder (or, in the case of a nonresident shareholder, to its resident proxy or mailing address in Japan) having voting rights at least two weeks prior to the date of such meeting. The notice of a general meeting of shareholders states that the Company will provide information constituting reference documents for the general meeting of shareholders in electronic format and notes the URL of the website used to provide such information, as well as the place, time and purpose thereof. Reference documents for a general meeting of shareholders must be posted on the website from the earlier of the date three weeks prior to the date set for the meeting or the date on which the notice of the meeting is dispatched, until the date on which three months have elapsed from the meeting. Shareholders are generally entitled to request the delivery of paper-based documents by the record date of voting rights. The record date for an ordinary general meeting of shareholders is March 31 of each year. General meetings of shareholders can be called by a director pursuant to a resolution of the board of directors.

Any shareholder or group of shareholders with at least 3.0% of the total number of voting rights for a period of six months or longer may require the convocation of a general meeting of shareholders for a particular purpose by showing such a purpose and reason for convocation to one of our directors. Unless such shareholders' meeting is convened promptly or a convocation notice of a meeting which is to be held not later than eight weeks from the day of such demand is dispatched, the requiring shareholder may, upon obtaining a court approval, convene such shareholders' meeting.

Any shareholder or group of shareholders holding at least 300 voting rights or 1.0% of the total number of voting rights for six months or longer may propose a matter to be considered at a general meeting of shareholders by submitting a written request to one of our directors at least eight weeks prior to the date of such meeting.

Under the Companies Act, any of minimum percentages, time periods and number of voting rights necessary for exercising the minority shareholder rights described above may be decreased or shortened if the articles of incorporation of a joint stock corporation so provide.

Voting Rights

A holder of shares constituting one or more units is entitled to one vote for each unit. However, we do not have voting rights with respect to our own shares and if we directly or indirectly own 25% or more of voting rights of a corporate or other entity which is a shareholder, such corporate shareholder cannot exercise its voting rights. Except as otherwise provided by law or in our Articles of Incorporation, a resolution can be adopted at a general meeting of shareholders by a majority of the number of voting rights represented at the meeting. The quorum for election or removal of directors is one-third of the total number of voting rights. Our shareholders are not entitled to cumulative voting in the election or removal of directors. Our shareholders may exercise their voting rights through proxies, provided that the proxies are also shareholders having voting rights.

Under the Companies Act and our Articles of Incorporation, any amendment to our Articles of Incorporation (except for certain amendments, see "Stock Splits") and certain other instances require approval by a "special resolution" of shareholders, where the quorum is one-third of the total number of voting rights and the approval by at least two-thirds of the number of voting rights represented at the meeting is required. Other instances requiring such a "special resolution" include (i) the reduction of its stated capital, (ii) the dissolution, liquidation, merger or consolidation, merger and corporate split or (iii) the formation of a parent company by way of share exchange or share transfer, (iv) the transfer of the whole or a substantial part of its business, (v) the acquisition of the whole business of another company, (vi) the issue to persons other than the shareholders of new shares at a "specially favorable" price or the issue or transfer to persons other than the shareholders of stock acquisition rights (including those incorporated in bonds with stock acquisition rights) under "specially favorable" conditions, (vii) consolidation of shares and (viii) acquisition of its own shares from a specific party other than its subsidiaries.

Subscription Right

Holders of the shares have no pre-emptive rights. The board of directors may, however, determine that shareholders be given subscription rights to new shares, in which case such rights must be given on uniform terms to all shareholders as of a record date of which not less than two weeks' prior public notice must be given. The issue price of such new shares must be paid in full.

Stock Acquisition Rights

We may issue stock acquisition rights (*shinkabu yoyakuken*) and bonds with stock acquisition rights (*shinkabu yoyakuken-tsuki shasai*). Except where the issue would be on "specially favorable" conditions, the issue of stock acquisition rights or bonds with stock acquisition rights may be authorized by a resolution of the board of directors. Upon exercise of the stock acquisition rights, the holder of such rights may acquire shares by way of payment of the applicable exercise price or, if so determined by a resolution of the board of directors, by way of substitute payments in lieu of redemption of the bonds. If our Articles of Incorporation prohibit us from delivering shares, it will pay a cash payment equal to the market value of the shares.

Liquidation Rights

In the event of our liquidation, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed among shareholders in proportion to the respective number of shares which they hold.

Reports to Shareholders

We currently furnish to our shareholders notices of shareholders' meetings, annual business reports, including financial statements, and notices of resolutions adopted at the shareholders' meetings, all of which are

in Japanese. Public notice shall be electronic public notice, provided, however, that if the Company is unable to give an electronic public notice due to an accident or any other unavoidable reason, public notices of the Company shall be given in the "Nihon Keizai Shinbun."

Record Date of Register of Shareholders

As stated above, March 31 is the record date for the payment of Ordinary Dividends and the determination of shareholders entitled to vote at the ordinary general meeting of shareholders. In addition, we may set a record date for determining the shareholders entitled to other rights and for other purposes by giving at least two weeks' prior public notice. Under the Book-Entry Law, JASDEC is required to give us a notice of the names and addresses of the shareholders, the number of shares held by them and other relevant information as of each such record date, and the register of our shareholders shall be updated accordingly.

Repurchase of Own Shares

We may acquire our shares, including shares of our common stock: (i) by way of purchase on any Japanese stock exchange or by way of tender offer (pursuant to a resolution of the board of directors); (ii) from a specific shareholder other than any of our subsidiaries (pursuant to a special resolution of a general meeting of shareholders); or (iii) from any of our subsidiaries (pursuant to a resolution of the board of directors).

In the case of (ii) above, any other shareholder of such class may make a request to a director, at least five days prior to the relevant shareholders' meeting, to include such shareholder as a seller in the proposed purchase. However, no such right will be available if the relevant class of shares is listed on any Japanese stock exchange and the purchase price or any other consideration to be received by the relevant specific shareholder does not exceed the then market price of the shares calculated in a manner set forth in ordinances of the Ministry of Justice.

Any such acquisition of our shares must satisfy certain requirements that the total amount of the purchase price may not exceed the distributable amount, as described in "—Distributions of Surplus." We may hold our shares acquired in compliance with the provisions of the Companies Act, and may generally cancel such shares by a resolution of the board of directors, although the disposal of such shares is subject to the same proceedings for the issuance of new shares, in general.

Stock Options

Under the Companies Act, a stock option plan is available by issuing stock acquisition rights.

Generally, a stock option plan may be adopted by a resolution of the board directors. However, if the conditions of such stock acquisition rights are "specially favorable," a special resolution at a general meeting of shareholders is required. The special resolution must set forth the class and number of shares to be issued or transferred on exercise of the options, the exercise price, the exercise period and other terms of the options.

MATERIAL CONTRACTS

Not applicable.

FOREIGN EXCHANGE AND OTHER REGULATIONS

Foreign Exchange

The Foreign Exchange and Foreign Trade Law of Japan, as amended, and the cabinet orders and ministerial ordinances thereunder (the "Foreign Exchange Regulations") govern the acquisition and holding of shares of

capital stock of ORIX by "exchange nonresidents" and by "foreign investors" (as defined below). The Foreign Exchange Regulations currently in effect do not, however, regulate transactions between exchange nonresidents who purchase or sell shares outside Japan for non-Japanese currencies.

"Exchange nonresidents" are defined as individuals who are not resident in Japan and corporations whose principal offices are located outside Japan. Generally, the branch and other offices of nonresident corporations located within Japan are regarded as residents of Japan and branch and other offices of Japanese corporations located outside Japan are regarded as exchange nonresidents. "Foreign investors" are defined to be (i) individuals who are exchange nonresidents, (ii) corporations or other organizations that are established under the laws of foreign countries or whose principal offices are located outside Japan, (iii) corporations of which 50% or more of their voting rights are held, directly or indirectly, by (i) and/or (ii) above, (iv) partnerships or similar organizations of which 50% or more of total capital contributions are attributable to nonresident, or a majority of general partners are exchange nonresidents, and (v) corporations or other organizations of which a majority of the officers (or officers having the power of representation) are nonresident individuals.

In general, the acquisition of a Japanese company's stock shares (such as the shares of capital stock of ORIX) by an exchange nonresident from a resident of Japan is not subject to any prior filing requirements. In certain limited circumstances, however, prior notification or report to the Minister of Finance and any other competent Ministers for an acquisition of this type may be required. In the case where a resident of Japan transfers shares of a Japanese company (such as the shares of capital stock of ORIX) for consideration exceeding ¥100 million to an exchange nonresident, the resident of Japan who transfers the shares is required to report the transfer to the Minister of Finance within 20 days from the date of the transfer, unless the transfer was made through a bank, securities company or financial future trader licensed under the Japanese laws.

If a foreign investor acquires shares of a Japanese company listed on a Japanese stock exchange (such as the shares of capital stock of ORIX) or that are traded on an over-the-counter market in Japan and as a result of the acquisition the foreign investor in combination with any existing holdings directly or indirectly holds 1% or more of the issued shares or voting rights of the relevant company, holds a certain percentage or more of the shares of such a company and consents to matters that could have a significant effect on the management of the business of the company, or acquires or succeeds to the business of a Japanese corporation by a business transfer, corporate split, or merger, the foreign investor is, in general, required to report such acquisition to the Minister of Finance and any other competent Ministers within 45 days following the date of such acquisition. In the case of certain designated types of business affecting Japan's national security, etc., prior notification is required with respect to such an acquisition or other relevant actions. However, in certain cases it may be possible for a foreign investor to be exempted from the prior notification obligation for an acquisition.

The acquisition of shares by exchange nonresidents by way of stock split is not subject to the foregoing notification requirements.

Under the Foreign Exchange Regulations, dividends paid on, and the proceeds of sales in Japan of, shares held by nonresidents of Japan may in general be converted into any foreign currency and repatriated abroad.

Large Shareholdings Report

The Financial Instruments and Exchange Act requires any person who has become, beneficially and solely or jointly (including through arrangements deemed as joint holding under applicable regulations), a holder of more than 5% of the total issued shares of capital stock of a company listed on any Japanese financial instruments exchange (such as the shares of capital stock of ORIX) or whose shares are traded on the over-the-counter markets in Japan, to file with the Prime Minister within five business days a report concerning such shareholdings. An alteration report must also be made in respect of any subsequent change of 1% or more in any such holding or any change in material matters set out in reports previously filed, with certain exceptions.

For this purpose, shares issuable to such person upon exchange of exchangeable securities or exercise of stock acquisition rights, as well as certain equity-related derivatives (including cash-settled derivatives) as prescribed under applicable regulations, are taken into account in determining both the size of such person's holding and the issuer's total issued share capital.

Filing of Share Acquisition Plan

The Act on Prohibition of Private Monopolization and Maintenance of Fair Trade requires any company (including a foreign company) which crosses certain domestic sales thresholds and newly acquires a holder of more than 20% or 50% of the total issued voting shares of capital stock (such as the shares of capital stock of ORIX) or the shares of a company (including a foreign company) which meets certain conditions, to file a share acquisition plan concerning such shares with the Fair Trade Commission at least 30 days prior to the closing or the acquisition.

DIVIDEND POLICY AND DIVIDENDS

The following table shows the amount of dividends applicable to fiscal year per share for each of the fiscal years indicated, which amounts are translated into dollars per ADS at the noon buying rate for Japanese yen in New York City for cable transfers in foreign currencies on the relevant dividend payment date as published by the Federal Reserve Bank.

Year ended	Dividends applicable to fiscal year per Share	Translated into dollar per ADS *
March 31, 2022	85.60	3.50
March 31, 2023	85.60	3.10
March 31, 2024	98.60	3.29
March 31, 2025	120.01	0.82
March 31, 2026	156.10	0.99

* Effective February 27, 2025, we implemented a change in the ratio of our ADSs to underlying Shares from one ADS representing five underlying Shares to a ratio of one ADS representing one underlying Share.

ORIX aims to increase shareholder value by utilizing profits earned from business activities to strengthen its business foundation and make investments for future growth. At the same time, ORIX strives to make stable and sustainable distribution of dividends at a level in line with its business performance. In addition, with regards to the decision of whether to buy back shares, ORIX aims to act with flexibility and swiftness while considering various factors such as the soundness of its financial condition and external factors such as the business environment, share price and its trend and target performance indicators.

Based on this fundamental policy, the annual dividend for fiscal 2026 has been decided at 156.10 yen per share (the interim dividend paid was 93.76 yen per share and the year-end dividend has been decided at 62.34 yen per share). The payout ratio for the fiscal year ended March 31, 2026 was 39.0%.

For fiscal 2027, the annual dividend is forecasted at the higher of either payout ratio of 39% or 156.10 yen per share, which was the total dividend payment in fiscal 2026.

Pursuant to the amendment to the Act on Special Measures Concerning Taxation, dividends paid to U.S. Holders of Shares or ADSs are generally subject to a Japanese withholding tax. The tax rate can be found in "Item 10. TAXATION—JAPANESE TAXATION—Shares."

TAXATION

JAPANESE TAXATION

The following is a summary of the principal Japanese tax consequences for owners of the Shares or ADSs who are nonresident individuals of Japan or non-Japanese corporations without a permanent establishment in Japan ("nonresident Holders"). The statements regarding Japanese tax laws set forth below are based on the laws in force and as interpreted by the Japanese taxation authorities as of the date hereof and are subject to changes in the applicable Japanese laws or conventions for the avoidance of double taxation occurring after that date. This summary is not exhaustive of all possible tax considerations that may apply to a particular investor and potential investors are advised to consult with their own tax advisors to satisfy themselves as to:

- the overall tax consequences of the acquisition, ownership and disposition of Shares or ADSs, including specifically the tax consequences under Japanese law;
- the laws of the jurisdiction of which they are resident; and
- any tax treaty between Japan and their country of residence.

Shares

Generally, a nonresident Holder is subject to Japanese withholding tax on dividends on Shares or ADSs paid by us. Stock splits are not subject to Japanese income or corporation tax.

Pursuant to the Act on Special Measures Concerning Taxation and the Act on Special Measures Concerning the Securing of Financial Resources for Reconstruction Measures Involving the Great East Japan Earthquake, the Japanese withholding tax rate applicable to dividends on Shares or ADSs paid to nonresident Holders by us is 15.315%. However, where an individual nonresident Holder holds 3% or more of the total number of shares issued by us, the withholding tax rate applicable will be 20.42% for dividends. Japan has entered into income tax treaties, conventions and agreements where this withholding tax rate is, in some cases, reduced to a lower percentage for portfolio investors. Nonresident Holders who are entitled under an applicable treaty, convention, or agreement to this reduced Japanese withholding tax rate are required to submit an Application Form for the Income Tax Convention regarding Relief from Japanese Income Tax on Dividends in advance through us to the relevant Japanese tax authority before the payment of dividends. A standing proxy for a nonresident Holder may provide such application service. Nonresident Holders who do not submit an application in advance will be entitled to claim the refund from the relevant Japanese tax authority of those withholding taxes withheld in excess of the rate of an applicable tax treaty.

The Convention between the United States and Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "Tax Convention") provides for a maximum rate of Japanese withholding tax which may be imposed on dividends paid to an eligible United States resident not having a permanent establishment in Japan. Under the Tax Convention, the maximum withholding rate is generally limited to 10% of the relevant dividends.

Gains derived from the sale outside Japan of Shares or ADSs by a nonresident Holder, are, in general, not subject to Japanese income or corporation taxes.

Japanese inheritance and gift taxes, at progressive rates, may be payable by an individual who has acquired Shares or ADSs as a legatee, heir or done.

UNITED STATES TAXATION

The following discussion describes the material U.S. federal income tax consequences of ownership and disposition of Shares or ADSs held as capital assets by U.S. Holders (as defined below).

This discussion does not describe all of the tax consequences that may be relevant to a U.S. Holder in light of the U.S. Holder's particular circumstances (including the application of the provisions of the Code (as described below) known as the Medicare contribution tax) or to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- dealers and traders in securities who use a mark-to-market method of tax accounting;
- persons holding Shares or ADSs as part of a hedging transaction, straddle, wash sale, conversion transaction or other integrated transaction or persons entering into a constructive sale with respect to the Shares or ADSs;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes;
- persons subject to any minimum tax;
- tax-exempt entities, including "individual retirement accounts" and "Roth IRAs";
- regulated investment companies;
- persons that own or are deemed to own 10% or more of the stock of the Company, by vote or value;
- persons holding Shares or ADSs in connection with a trade or business carried on outside the United States; or
- persons who acquired Shares or ADSs pursuant to the exercise of any employee stock option or otherwise as compensation.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding Shares or ADSs and partners in such partnerships should consult their tax advisors as to the particular U.S. federal income tax consequences of holding and disposing of Shares or ADSs.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the Tax Convention, changes to any of which subsequent to the date of this annual report may affect the tax consequences described herein. It is also based in part on representations by the depositary and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms.

As used herein, the term "U.S. Holder" means a beneficial owner of Shares or ADSs that is eligible for Tax Convention benefits and that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Treasury regulations that apply to taxable years beginning on or after December 28, 2021 may in some circumstances prohibit a U.S. person from claiming a foreign tax credit with respect to certain non-U.S. taxes that are not creditable under applicable income tax treaties. For example, these Treasury regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for foreign income taxes to be creditable the relevant foreign income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the Japanese income tax system meets these requirements. However, the U.S. Internal Revenue Service (the "IRS") has released notices that provide relief from certain of

the provisions of the Treasury regulations described above for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). Accordingly, U.S. Holders that are not eligible for Tax Convention benefits should consult their tax advisers regarding the creditability or deductibility of any Japanese taxes imposed on dividends on, or dispositions of, the Shares or ADSs. This discussion does not apply to investors in this special situation.

We believe we may have been a PFIC for the year to which this annual report relates. However, because of uncertainties in the application of the PFIC rules, including uncertainties as to the valuation and proper characterization of certain of our assets as passive or active, our PFIC status is uncertain. In addition, we may be a PFIC in the foreseeable future.

Persons considering the purchase of Shares or ADSs should consult their tax advisors with regard to the PFIC rules described below as well as the application of other U.S. federal income tax laws relevant to their particular situations and any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

In general, a U.S. Holder of ADSs will be treated as the owner of the underlying shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if the U.S. Holder exchanges ADSs for the underlying shares represented by those ADSs.

Taxation of Distributions

Subject to the PFIC rules described below, distributions paid on Shares or ADSs, other than certain pro rata distributions of common shares, will generally be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Assuming that we are a PFIC, dividends paid by us will not be eligible for the preferential dividend tax rate otherwise available to certain non-corporate U.S. Holders. The amount of a dividend will include any amounts withheld by us or our paying agent in respect of Japanese taxes, as discussed above under "Taxation—Japanese Taxation—Shares" The amount of the dividend will be treated as foreign source dividend income to U.S. Holders and will not be eligible for the dividends received deduction generally allowed to U.S. corporations under the Code.

Dividends paid in yen will be included in the income of a U.S. Holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date of the U.S. Holder's (or, in the case of ADSs, the depositary's) receipt of the dividend, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize a foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have a foreign currency gain or loss if such holder does not convert the amount of such dividend into U.S. dollars on the date of its receipt. Any foreign currency gain or loss resulting from the conversion of the yen will generally be treated as U.S. source ordinary income or loss.

Subject to the PFIC rules described below and to applicable limitations that may vary depending upon the U.S. Holder's circumstances, Japanese taxes withheld from dividends on Shares or ADSs at a rate not exceeding the applicable rate provided for by the Tax Convention will be creditable against the U.S. Holder's U.S. federal income tax liability. The maximum rate of withholding tax on dividends paid to a U.S. Holder pursuant to the Tax Convention is 10%. As discussed under "Taxation—Japanese Taxation—Shares" above, under current Japanese law, the statutory rate is higher than the maximum Tax Convention rate. Japanese taxes withheld in excess of the rate applicable under the Tax Convention will not be eligible for credit against a U.S. Holder's federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, U.S. Holders may, upon election, deduct such otherwise creditable Japanese taxes in computing taxable income, subject to generally applicable limitations under U.S. law.

Sale or Other Taxable Disposition of Shares or ADSs

Subject to the PFIC rules described below, for U.S. federal income tax purposes, gain or loss realized on the sale or other disposition of Shares or ADSs will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the Shares or ADSs for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the Shares or ADSs disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes.

Passive Foreign Investment Company Rules

If we are a PFIC for any year during a U.S. Holder's holding period of the Shares or ADSs, and the U.S. Holder has not made a mark-to-market election for the Shares or ADSs, as described below, the holder will be subject to special rules generally intended to eliminate any benefits from the deferral of U.S. federal income tax that a holder could derive from investing in a foreign corporation that does not distribute all of its earnings on a current basis. Upon a disposition of Shares or ADSs (including under certain circumstances, a pledge, and under proposed Treasury regulations, a disposition pursuant to certain otherwise tax-free reorganizations) gain recognized by a U.S. Holder would be allocated ratably over its holding period for the Shares or ADSs. The amounts allocated to the taxable year of the sale or other exchange and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations for such year, as appropriate, and an interest charge would be imposed on the resulting tax liability. Similar rules would apply to any distribution in respect of Shares or ADSs to the extent it exceeds 125 percent of the average of the annual distributions on Shares or ADSs received during the preceding three years or the U.S. Holder's holding period, whichever is shorter (any such distribution, an "excess distribution"). Any loss realized on a disposition of Shares or ADSs will be capital loss, and will be long-term capital loss if the U.S. Holder held the Shares or ADSs for more than one year. The amount of the loss will equal the difference between the U.S. Holder's tax basis in the Shares or ADSs disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. Such loss will generally be U.S.-source loss for foreign tax credit purposes.

If we are a PFIC for any year during which a U.S. Holder holds Shares or ADSs, we generally will continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder holds Shares or ADSs, even if we cease to meet the threshold requirements for PFIC status. U.S. Holders should consult their tax advisers regarding the potential availability of a "deemed sale" election that would allow them to eliminate this continuing PFIC status.

If we are a PFIC, U.S. Holders will be deemed to own their proportionate shares of our subsidiaries that are PFICs and will be subject to U.S. federal income tax according to the rules described above on (i) certain distributions by subsidiary PFICs and (ii) a disposition of shares of a subsidiary PFIC, even though holders have not received the proceeds of those distributions or dispositions directly.

If the Shares or ADSs are "regularly traded" on a "qualified exchange," a U.S. Holder of Shares or ADSs would be eligible to make a mark-to-market election that would result in tax treatment different from the general tax treatment for PFICs described above. The Shares or ADSs will be treated as "regularly traded" in any calendar year in which more than a *de minimis* quantity of the Shares or ADSs are traded on a qualified exchange for at least 15 days during each calendar quarter. A "qualified exchange" includes the NYSE, on which our ADSs are traded, and a foreign exchange that is regulated by a governmental authority in which the exchange is located and with respect to which certain other requirements are met. The Internal Revenue Service ("IRS") has not yet identified specific foreign exchanges that are "qualified" for this purpose. Under current law, the mark-to-market election may be available to holders of ADSs because the ADSs will be listed on the NYSE, although there can be no assurance that the ADSs will be "regularly traded" for purposes of the mark-to-market election. However, even if a U.S. Holder makes a mark-to-market election with respect to our Shares or ADSs, a U.S. Holder will

not be able to make a mark-to-market election with respect to any of our subsidiaries that are PFICs. U.S. Holders should consult their tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances. In particular, U.S. Holders should consider carefully the impact of a mark-to-market election with respect to their ADSs given that we may have subsidiary PFICs for which a mark-to-market election may not be available.

If a U.S. Holder is eligible and makes the mark-to-market election, the U.S. Holder will include each year, as ordinary income, the excess, if any, of the fair market value of the Shares or ADSs at the end of the taxable year over their adjusted basis, and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted basis of the Shares or ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). If a U.S. Holder validly makes the election, the holder's basis in the Shares or ADSs will be adjusted to reflect any such income or loss amounts. Any gain recognized on the sale or other disposition of Shares or ADSs in a year when the Company is a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election).

We do not intend to comply with the requirements necessary for a U.S. Holder to make a "qualified electing fund" election, which is sometimes available to shareholders of a PFIC.

Special rules apply to determine the foreign tax credit with respect to withholding taxes imposed on excess distributions on shares of a PFIC. These rules could limit the amount of the foreign tax credit that would otherwise have been available.

If a U.S. Holder owns Shares or ADSs during any year in which we are a PFIC, the U.S. Holder will generally be required to file IRS Form 8621 with its federal income tax return with respect to us and with respect to each of our subsidiaries that is a PFIC, subject to certain exceptions.

We urge U.S. Holders to consult their tax advisors concerning our status as a PFIC and the tax considerations relevant to an investment in a PFIC, including the availability and consequences of making the mark-to-market election discussed above.

Backup Withholding and Information Reporting

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is an exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

Certain U.S. Holders who are individuals (and certain entities closely held by individuals) may be required to report information relating to their ownership of an interest in certain foreign financial assets, including stock of a non-U.S. person, generally on IRS Form 8938, subject to exceptions (including an exception for financial assets held through a U.S. financial institution). U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to the Shares or ADSs.

DOCUMENTS ON DISPLAY

We are subject to the reporting requirements of the Exchange Act. In accordance with these requirements, we file annual reports on Form 20-F and furnish periodic reports on Form 6-K with the Commission.

The Commission maintains a website at http://www.sec.gov that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission via EDGAR.

We are currently exempt from the rules under the Exchange Act that prescribe the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the short-swing profit recovery provisions contained in Section 16 of the Exchange Act. We are not required under the Exchange Act to publish financial statements as frequently or as promptly as are U.S. companies subject to the Exchange Act. We will, however, continue to furnish our shareholders with annual reports containing audited financial statements and will issue press releases containing unaudited interim financial information as well as such other reports as may from time to time be authorized by our board of directors or as may be otherwise required.

SUBSIDIARY INFORMATION

Not applicable.

ANNUAL REPORT TO SECURITY HOLDERS

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

MARKET RISKS

Our primary market risk exposures are interest rate risk, exchange rate risk and risk of market prices in stocks. We enter into derivative transactions to hedge interest rate risk and exchange rate risk. Our risk management for market risk exposure and derivative transactions is described under "Item 5. Operating and Financial Review and Prospects—Risk Management."

The following quantitative information about the market risk of our financial instruments does not include information about financial instruments to which the requirements under ASC 825 ("Financial Instruments") do not apply, such as net investment in leases, investment in operating leases, and insurance contracts. As a result, the following information does not present all the risks of our financial instruments. We omitted the disclosure of financial instruments for trading purposes because the amount is immaterial.

Interest Rate Risk

Many of our assets and liabilities are composed of floating and fixed rate assets and liabilities. Our floating rate assets and liabilities utilize various rates to determine interest amounts receivable and payable thereunder, including TIBOR, prime rates and U.S. dollar SOFR, etc. Movements in market interest rates affect gains and losses in those assets and liabilities. Accordingly, we endeavor to reduce interest rate risk through techniques such as funding interest rate bearing assets through liabilities with similar interest rate characteristics, e.g., financing floating-rate assets with floating-rate liabilities and financing fixed-rate assets with fixed-rate liabilities.

In order to manage assets and liabilities in an appropriate risk position, we conduct various types of analysis for interest rate sensitivity including gains and losses impact analysis and fair value analysis of assets and liabilities.

The table below of interest rate sensitivity for financial instruments summarizes installment loans, investment in securities (floating and fixed rate) and short-term and long-term debt. These instruments are further classified under fixed or floating rates. For such items, the principal collection and repayment schedules and the weighted average interest rates for collected and repaid portions are disclosed. Concerning interest rate swaps, under derivative instruments, the estimated notional principal amount for each contract period and the weighted

average of swap rates are disclosed. The average interest rates of financial instruments as of March 31, 2026 were 4.1% for installment loans, 2.6% for investment in securities (floating and fixed rate), 2.8% for short-term and long-term debt and 0.9% for deposits. As of March 31, 2026, the average payment rate of interest rate swaps was 1.6% and the average receipt rate was 1.8%. The average interest rates of financial instruments as of March 31, 2025 were: 4.0% for installment loans, 2.1% for investment in securities (floating and fixed rate), 2.7% for short-term and long-term debt and 0.5% for deposits. As of March 31, 2025, the average payment rate of interest rate swaps was 1.5% and the average receipt rate was 2.2%. As of March 31, 2026, there was no material change in the balance or in the average interest rate of financial instruments from March 31, 2025. The table below shows our interest rate risk exposure and the results of our interest rate sensitivity analysis.

INTEREST RATE SENSITIVITY
NONTRADING FINANCIAL INSTRUMENTS

	Expected Maturity Date							
	Years ending March 31,							
	2027	2028	2029	2030	2031	Thereafter	Total	March 31, 2026 Estimated Fair Value
	(Millions of yen)							
Assets:								
Installment loans (fixed rate)	¥ 207,002	¥ 97,913	¥ 89,660	¥ 53,462	¥ 60,719	¥ 386,204	¥ 894,960	¥ 873,171
Average interest rate	5.7%	8.3%	8.2%	8.0%	5.8%	3.9%	5.6%	—
Installment loans (floating rate)	¥ 439,670	¥320,434	¥287,903	¥215,180	¥213,833	¥1,785,388	¥3,262,408	¥3,207,888
Average interest rate	4.4%	5.5%	5.3%	4.4%	3.8%	2.8%	3.6%	—
Investment in securities (fixed rate)	¥ 53,697	¥167,250	¥ 70,009	¥ 70,172	¥ 85,370	¥2,740,007	¥3,186,505	¥2,314,353
Average interest rate	1.1%	10.7%	1.9%	2.1%	2.4%	1.8%	2.3%	—
Investment in securities (floating rate)	¥ 2,194	¥ 6,381	¥ 8,035	¥ 9,924	¥ 955	¥ 189,144	¥ 216,633	¥ 212,063
Average interest rate	(0.2%)	3.2%	3.0%	3.7%	(1.6%)	6.5%	6.0%	—
Liabilities:								
Short-term debt	¥ 572,235	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0	¥ 572,235	¥ 572,235
Average interest rate	3.1%	—	—	—	—	—	3.1%	—
Deposits	¥1,846,727	¥159,040	¥ 75,999	¥176,685	¥321,836	¥ 45,269	¥2,625,556	¥2,635,326
Average interest rate	0.8%	0.7%	0.7%	0.9%	1.3%	0.7%	0.9%	—
Long-term debt (fixed rate)	¥ 442,252	¥538,324	¥505,479	¥351,899	¥400,157	¥ 829,558	¥3,067,669	¥2,992,647
Average interest rate	2.3%	2.5%	1.9%	3.1%	2.3%	2.7%	2.5%	—
Long-term debt (floating rate)	¥ 589,836	¥428,965	¥493,859	¥456,431	¥302,535	¥ 626,464	¥2,898,090	¥2,896,388
Average interest rate	3.7%	3.6%	3.5%	3.7%	2.1%	2.3%	3.2%	—

NONTRADING DERIVATIVE FINANCIAL INSTRUMENTS

	Expected Maturity Date							
	Years ending March 31,							
	2027	2028	2029	2030	2031	Thereafter	Total	March 31, 2026 Estimated Fair Value
	(Millions of yen)							
Interest rate swaps:								
Notional amount (floating to fixed)	¥125,616	¥56,743	¥111,486	¥27,227	¥74,496	¥221,474	¥617,042	¥24,071
Average pay rate	2.5%	2.3%	1.2%	1.0%	1.0%	1.3%	1.6%	—
Average receive rate	3.5%	2.1%	1.2%	1.0%	0.9%	1.5%	1.8%	—
Notional amount (fixed to floating)	¥ 0	¥ 980	¥ 0	¥ 34	¥ 0	¥ 11	¥ 1,025	¥ (2)
Average pay rate	—	3.7%	—	3.7%	—	3.7%	3.7%	—
Average receive rate	—	4.3%	—	3.7%	—	3.1%	4.3%	—

The above table excludes purchased loans, which are exposed to interest rate risk, because it is difficult to estimate the timing and extent of collection of such loans. Purchased loans are deteriorated credit loans which we acquire at a discount and for which full collection of all contractually required payments from the debtors is unlikely. The total book value of our purchased loans as of March 31, 2026 was ¥16,214 million.

Long-term debt (fixed rate) in the table above includes the amount of ¥44,000 million of subordinated syndicated loan (hybrid loan). Out of this amount, ¥10,000 million was executed in fiscal 2022, and will mature in fiscal 2082 and may be redeemed after 5 years from the execution. ¥34,000 million was executed in fiscal 2023, and will mature in fiscal 2083 and may be redeemed after 5 years from the execution.

In addition, long-term debt (fixed rate) in the table above includes ¥160,000 million of unsecured subordinated bonds with interest deferral features and optional early redemption clauses (hybrid bonds).

This amount consists of:

- ¥40,000 million issued in fiscal 2020, maturing in fiscal 2080, with optional early redemption on or after March 2030;
- ¥21,000 million issued in fiscal 2021, maturing in fiscal 2081, with optional early redemption on or after March 2031;
- ¥60,000 million issued in fiscal 2025, maturing in fiscal 2060, with optional early redemption on or after March 2030; and
- ¥39,000 million issued in fiscal 2026, maturing in fiscal 2061, with optional early redemption on or after March 2031.

We are also exposed to interest rate risks in our life insurance businesses because revenues from life insurance related investment income fluctuate based on changes in market interest rates, while life insurance premiums and costs do not.

Exchange Rate Risk

We hold foreign currency-denominated assets and liabilities and deal in foreign currencies. It is our policy to match balances of foreign currency-denominated assets and liabilities as a means of hedging exchange rate risk. There are, however, cases where a certain part of our foreign currency-denominated investments are not hedged for such risk.

We have identified all positions that are subject to exchange rate risk, including retained earnings accumulated in foreign currencies in our overseas subsidiaries, which is translated to Japanese yen upon consolidation. ORIX shareholders' equity is subject to exchange rate risk arising from such translations. Other positions, such as potential losses in future earnings, are calculated using several hypothetical scenarios based on 10% changes in the relevant currencies. Based on these scenarios, exchange losses in future earnings were estimated to be ¥928 million and ¥103 million as of March 31, 2025 and 2026, respectively. The largest of such losses were estimated in scenarios where the U.S. dollar appreciated 10% against the Japanese yen from the rate in effect on March 31, 2025 and 2026.

Risk of Market Prices in Stocks

We have marketable stocks that are subject to price risk arising from changes in their market prices. Our shareholders' equity and net income bear risks due to changes in the market prices of these securities. To manage these risks of market price fluctuations, we assume a scenario of a 10% uniform downward movement in stock prices compared with stock prices as of March 31, 2025 and 2026, respectively, and under such circumstances estimate ¥12,416 million and ¥13,272 million decrease in the fair value of our equity securities as of March 31, 2025 and 2026.

Item 12. Description of Securities Other than Equity Securities

FEES AND PAYMENTS RELATING TO OUR AMERICAN DEPOSITARY SHARES

SCHEDULE OF FEES AND CHARGES

Citibank N.A., or the Depositary, serves as the depositary for our ADSs. As an ADS holder, you will be required to pay the following service fees to the Depositary:

Service	Fee
Issuance of ADSs upon deposit of Shares	Up to 5¢ per ADS issued
Cancellation of ADSs and delivery of deposited securities	Up to 5¢ per ADS canceled
Exercise of rights to purchase additional ADSs	Up to 5¢ per ADS issued
Distribution of cash dividends or other cash distributions upon a sale of rights and other entitlements	Up to 5¢ per ADS held

As an ADS holder you will also be responsible to pay various fees and expenses incurred by the Depositary and various taxes and governmental charges such as:

- Taxes, including applicable interest and penalties, and other governmental charges;
- Fees for the transfer and registration of Shares charged by the registrar and transfer agent for the Shares in Japan (i.e., upon deposit and withdrawal of Shares);
- Expenses incurred for converting foreign currency into U.S. dollars;
- Expenses for cable, telex and fax transmissions and for delivery of securities;
- Fees and expenses of the Depositary incurred in connection with compliance with exchange control regulations and regulatory requirements applicable to the Shares or ADSs; and
- Fees and expenses of the Depositary in delivering deposited securities.

We have agreed to pay some other charges and expenses of the depositary bank. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary bank. You will receive prior notice of these changes.

PAYMENTS TO ORIX FROM THE DEPOSITARY

The Depositary has agreed to reimburse us for certain expenses we incur in connection with our ADR program. These reimbursable expenses include investor relations expenses, and proxy voting and related expenses. In fiscal 2026, this amount was $2,213,426.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

In order to improve the convenience and liquidity of our securities on exchanges where our shares are listed, in accordance with "Action Plan for Consolidating Trading Units" issued in November 2007 by the securities exchanges in Japan, the Company implemented a 10-for-1 stock split of shares of its common stock on March 31, 2013, pursuant to which one hundred shares constitutes one unit as of April 1, 2013. The change resulted in no substantive change in trading unit price levels. Furthermore, effective February 27, 2025, we implemented a change in the ratio of our ADSs to underlying shares from one ADS representing five underlying shares to a ratio of one ADS representing one underlying share. Other than the change in ratio, this change did not affect material ADS terms.

Item 15. Controls and Procedures

As of March 31, 2026, the ORIX Group, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, performed an evaluation of the effectiveness of the ORIX Group's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended). The Company's management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which by their nature can provide only reasonable assurance regarding the achievement of management's control objectives. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level for gathering, analyzing and disclosing the information the Company is required to disclose in the reports it files under the Act, within the time periods specified in the SEC's rules and forms. There has been no change in the ORIX Group's internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's report on internal control over financial reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). The internal control over financial reporting process of the ORIX Group was designed by, or under the supervision of, the Company's Chief Executive Officer and Chief Financial Officer and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance to the Company's management and board of directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the ORIX Group;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States, and that receipts and expenditures of the ORIX Group are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the ORIX Group's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of our internal control over financial reporting as of March 31, 2026 by using the criteria set forth in "Internal Control-Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, the Company's management concluded that our internal control over financial reporting was effective as of March 31, 2026.

The effectiveness of our internal control over financial reporting as of March 31, 2026 has been audited by KPMG AZSA LLC, an independent registered public accounting firm, who also audited our consolidated financial statements, as stated in their report which is included herein.

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Aiko Sekine and Mami Yunoki are "audit committee financial experts," within the meaning of the current rules of the U.S. Securities and Exchange Commission. Aiko Sekine and Mami Yunoki are "independent" as required by Section 303A.06 of the New York Stock Exchange Listed Company Manual.

Subject to the retirement of Aiko Sekine as a director at the annual general meeting of shareholders scheduled to be held on June 23, 2026, and the termination of her service as a member of the audit committee upon such retirement, Mami Yunoki is expected to be designated as the sole "audit committee financial expert" by our board of directors.

Notes: 1. Name on the family register of Aiko Sekine is Aiko Sano.
2. Name on the family register of Mami Yunoki is Mami Kato.

Item 16B. Code of Ethics

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Pursuant to our Code of Ethics, last amended in April 2014, officers of ORIX covered by ORIX's Code of Ethics are required to promptly bring to the attention of the Company's Executive Officer of the Group Compliance Department any information concerning any violations of the Code of Ethics.

Item 16C. Principal Accountant Fees and Services

FEES PAID TO PRINCIPAL ACCOUNTANT

AUDIT FEES

In fiscal 2025 and 2026, KPMG (including Japanese and overseas affiliates of KPMG AZSA LLC) billed us ¥4,706 million and ¥5,050 million, respectively, for direct audit fees.

AUDIT-RELATED FEES

In fiscal 2025 and 2026, KPMG billed us ¥172 million and ¥269 million, respectively, for audit-related services, including attestation, assurance and related services that are not reported under audit fees.

TAX FEES

In fiscal 2025 and 2026, KPMG billed us ¥263 million and ¥260 million, respectively, for tax-related services.

ALL OTHER FEES

In fiscal 2025 and 2026, KPMG billed us ¥46 million and ¥1 million, respectively, for other products and services and for sustainability related assurance services.

AUDIT COMMITTEE'S PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has established standards for pre-approval of engagements of the independent registered public accounting firm for both audit services and non-audit services.

When ORIX Group engages the independent registered public accounting firm for audit services, pre-approval of the Audit Committee must be obtained prior to execution of the contract for such audit services, in accordance with pre-approval policies and procedures. In terms of audit services, every year the independent registered public accounting firm draws up its annual audit plan and annual budget, which is evaluated by ORIX's Accounting Department. Subsequently, pre-approval is obtained from the Audit Committee.

Non-audit services are generally not obtained from the independent registered public accounting firm or its affiliates. If it is necessary for ORIX Group to engage the independent registered public accounting firm for non-audit services, pre-approval of the Audit Committee must be obtained on a case-by-case basis prior to execution of the relevant contract, in accordance with pre-approval policies and procedures.

The Audit Committee may delegate the authority to pre-approve services to individual members of the Audit Committee. Audit Committee members to whom such pre-approval authority has been delegated report to the Audit Committee in a timely manner regarding any services that they have approved pursuant to such authority.

In accordance with internal rules on pre-approval, the Audit Committee may set a maximum fee amount for pre-approved non-audit services that are received over a reasonable period of one year or less. If the Audit Committee has set a maximum fee amount for pre-approved non-audit services, engagements for pre-approved non-audit services that do not exceed the maximum fee amount do not require specific pre-approval procedures. However, in such cases, engagements for such services must be reported to the Audit Committee in a timely manner.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Year ended March 31, 2026	(a) Total number of Shares Purchased[*1]	(b) Average Price Paid per Share	(c) Total number of Shares Purchased as Part of Publicly Announced Plans or Programs [*2,3]	(d) Maximum number (or Approximate Yen Value) of Shares that May Yet be Purchased Under the Plans or Programs[*2,3]
April 2025	7,680	¥ 28	0	¥ 0
May 2025	2,432,729	2,973	2,432,300	142,768,017,500
June 2025	5,096,600	3,081	5,095,800	127,067,116,500
July 2025	5,003,446	3,313	5,003,400	110,490,207,000
August 2025	4,665,950	3,664	4,664,700	93,393,785,000
September 2025	3,864,206	3,901	3,863,400	78,320,473,500
October 2025	1,544,560	3,785	1,543,700	72,475,293,200
November 2025	2,183,276	3,972	2,183,200	63,803,553,200
December 2025	4,830,750	4,362	4,830,700	42,729,937,900
January 2026	3,963,570	4,728	3,962,100	23,988,730,700
February 2026	4,178,900	5,147	4,178,900	2,478,991,300
March 2026	450,970	5,498	448,400	20,600
Total	38,222,637	¥3,924	38,206,600	¥ 0

*1 A total of 16,037 shares were purchased other than through publicly announced plans or programs during the fiscal year ended March 31, 2026, due to our purchases of shares constituting less than one unit, and acquisition of restricted shares without consideration under the Restricted Share Grant Plan.

*2 The Company resolved the share repurchase as follows at a meeting of the Board of Directors held on May 12, 2025 and November 12, 2025.

- Class of shares to be repurchased: Common shares
- Total number of shares to be repurchased: Up to 60,000,000 shares (approx. 5.4% of the total outstanding shares (excluding treasury shares))
- Total purchase price of shares to be repurchased: Up to 150 billion yen
- Repurchase period: May 19, 2025 to March 31, 2026
- Method of share repurchase: Market purchases based on the discretionary dealing contract regarding repurchase of own shares

*3 The share repurchase based on the above resolution at the Board of Directors meeting was completed. The details of share repurchase are as follows.

- Class of shares repurchased: Common shares
- Total number of shares repurchased: 38,206,600 shares
- Total purchase price of shares repurchased: 149,999,979,400 yen
- Repurchase period: May 19, 2025 to February 27, 2026
- Method of share repurchase: Market purchases based on the discretionary dealing contract regarding repurchase of own shares

*4 The Company resolved the share repurchase as follows at a meeting of the Board of Directors held on May 11, 2026.

• Class of shares to be repurchased	Common shares
• Total number of shares to be repurchased	Up to 100,000,000 shares (approx. 9.1% of the total outstanding shares (excluding treasury shares))
• Total purchase price of shares to be repurchased	Up to 250 billion yen
• Repurchase period	May 22, 2026 to March 31, 2027
• Method of share repurchase	Market purchases based on the discretionary dealing contract regarding repurchase of own shares

Item 16F. Change in Registrant's Certifying Accountant.

Not applicable.

Item 16G. Corporate Governance

Our ADSs have been listed on the New York Stock Exchange, or NYSE, since 1998. As an NYSE-listed company, we are required to comply with certain corporate governance standards under Section 303A of the NYSE Listed Company Manual. However, as a foreign private issuer, we are permitted to follow home country practice in lieu of certain provisions of Section 303A.

Our corporate governance practices differ in certain significant respects from those that U.S. companies must adopt in order to maintain a NYSE listing and, in accordance with Section 303A.11 of the NYSE's Listed Company Manual, we provide a brief, general summary of such differences.

The composition of our board of directors and its committees differs significantly in terms of independence from the composition requirements for boards and committees that U.S. companies must satisfy in order to maintain a NYSE listing. We are not required to meet the NYSE's independence requirements for individuals on our board of directors or our Nominating, Audit, and Compensation Committees. Under Japanese law, a majority of the membership on the committees must be "outside directors"—a Japanese law concept that shares similarities with the U.S. concept of "independent director" where the company is a "Company with Nominating Committee, etc." However, we are not required to include on our board of directors a majority of outside directors, nor are we required to compose our committees exclusively from outside directors. Six out of our 10 directors are outside directors. Under the Companies Act, the directors who compose the Audit Committee are not permitted to be executive officers or executive directors of the Company or its subsidiaries, or managers, employees or accounting advisors of the Company's subsidiaries. Our Audit Committee members meet this requirement.

Under the Companies Act, an outside director is a director (i) who is not an executive director, executive officer *(shikko-yaku)*, manager or any other kind of employee (an "Executive Director, etc.") of the Company or its subsidiaries and who has not been an Executive Director, etc. of the Company or its subsidiaries in the past 10 years; (ii) who has not been an Executive Director, etc. of the Company or its subsidiaries for the past 10 years from the assumptions of any of the position of director, accounting advisor, or auditor; (iii) who is not a person with a controlling stake in the management of the Company, such as a holder of more than 50 percent of the Company's shares, etc., or has not been an Executive Director, etc. of the parent company of the Company; (iv) who has not been an Executive Director, etc. of any other company with same parent company; and (v) who has not been the spouse or the kin (within the second degree) of any director, manager or any other kind of important employee of the Company, or a person with a controlling stake in the management of the Company, such as a holder of more than 50 percent of the Company's shares etc.

In addition to differences in composition requirements for our board of directors and its committees, we are not required to:

- make publicly available one or more documents that summarize all aspects of our corporate governance guidelines or prepare a written code that states the objectives, responsibilities, and performance evaluation of our Nominating, Audit and Compensation Committees in a manner that satisfies the NYSE's requirements;
- adopt a code of business conduct and ethics for our directors, officers, and employees that addresses fully the topics necessary to satisfy the NYSE's requirements;
- hold regularly scheduled executive sessions for our outside directors;
- obtain shareholder approval for all equity compensation plans for employees, directors or executive officers of ORIX or for material revisions to any such plans;
- provide the compensation committee with authority to obtain or retain the advice of a compensation advisor only after taking into consideration all factors relevant to determining the advisor's independence from management.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

ORIX has adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of its securities by directors, officers, and employees. These policies and procedures are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and applicable Tokyo Stock Exchange and NYSE listing standards. A copy of the ORIX Group Global Insider Trading Policy is attached as Exhibit 11.2. to this annual report.

Item 16K. Cybersecurity

(1) Risk management and strategy

Our Information Security Control Department reports to and manages cyber and information security risks to the Information Technology Management Committee.

Our Information Security Control Department has established a cyber and information security awareness training program for our consolidated group companies. All employees of our consolidated group companies, including investee companies, and employees of outsourcing companies with access to our network are required to take online training at least once a year. These educational programs also include phishing e-mails simulations, which are conducted several times a year on an irregular basis. We also provide training through escalation and response simulations in the event of a cyber or information security incident.

Each of our consolidated group companies is assigned an Information Security Owner, and cyber and information security knowledge and the Group's security policies are shared with the companies at least semi-annually to raise readiness levels across the ORIX Group.

In order to control cyber and information security risks we face through our interactions with and reliance on third parties, such as through our outsourcing activities and use of cloud services, we conduct regular security assessments of business partners and outsourcing vendors. In addition, we have a framework in place for the Information Security Control Department to evaluate the security risks of information systems and cloud services provided by business partners and outsourcing vendors.

The Information Security Control Department is responsible for assessing and managing our cyber and information security risks and where necessary, engages third-party consultants for advice regarding specific areas where enhanced controls or in-depth analysis is required.

The ORIX Group has also established a framework to respond to cyber and information security incidents and to mitigate the risk of security breaches, system failures and information leaks, including cyber attacks and damage to information security systems. A system has been established to assess the impact on operations and the likelihood of secondary damage in the event of a cyber and information security incident caused by cyber attacks. The Information Security Control Department analyzes and investigates the incident and also works with the legal department and compliance department to minimize the impact of the incident and prevent secondary damage. Any serious incidents are reported to the Executive Officer in charge of the Information Security Control Department and appropriate action is taken under his/her direction. The current Executive Officer in charge of information security at ORIX has extensive knowledge of information technology and security, cultivated through his experience with system development, project management and security management in over two decades at various international companies prior to joining ORIX Corporation, including over a decade of experience in the financial business sector.

In the current fiscal year, we did not identify any cyber or information security incidents that have materially affected or are reasonably likely to materially affect our business activities, results of operations or financial condition.

(2) Governance

The ORIX Group has established internal rules governing the structure, basic policies, management standards for information security, education, and audits in accordance with global standards for information security controls such as ISO and NIST.

The Information Security Management Rules stipulate that strategies and policies regarding cyber and information security, as well as response policies for cyber and information security incidents, are to be discussed and determined by the Information Technology Committee. The Information Technology Committee is organized in accordance with the Information Technology Committee Rules and is composed of the Group CEO, the Group CFO and other executive officers designated by the Group CEO. In addition, the response status of any cyber or information security incident is reported to the Audit Committee by the Executive Officer in charge of the Information Security Control Department to ensure appropriate information sharing.

We have a system in place to determine the seriousness of cyber or information security incidents, report to the Disclosure Committee in a timely manner, as well as to disclose information on cyber security risks, strategies, and governance on a regular basis, in addition to the status of incident management. In addition to the management of incidents, we have also established a system that enables regular disclosure of cyber security risks, strategies, and governance.

We have also established company-wide security requirements with which all consolidated group companies must comply, such as keeping systems up to date through vulnerability management program and technical measures for network defense. We have also established internal rules for security log management that take into account physical and logical boundaries with external networks as well as information breaches caused by internal fraud.

PART III

Item 17. Financial Statements

ORIX has elected to provide financial statements and related information pursuant to Item 18.

Item 18. Financial Statements

See pages F-1 through F-173.

The following consolidated financial statements of ORIX listed below and the report thereon by its independent registered public accounting firm are filed as part of this Form 20-F:

(a) Consolidated Balance Sheets as of March 31, 2025 and 2026 (page F-6 to F-7);

(b) Consolidated Statements of Income for the years ended March 31, 2024, 2025 and 2026 (page F-8 to F-9);

(c) Consolidated Statements of Comprehensive Income for the years ended March 31, 2024, 2025 and 2026 (page F-10);

(d) Consolidated Statements of Changes in Equity for the years ended March 31, 2024, 2025 and 2026 (page F-11 to F-12);

(e) Consolidated Statements of Cash Flows for the years ended March 31, 2024, 2025 and 2026 (page F-13);

(f) Notes to Consolidated Financial Statements (page F-14 to F-172);

(g) Schedule II.—Valuation and Qualifying Accounts and Reserves (page F-173).

Item 19. Exhibits

We have filed the following documents as exhibits to this document.

Exhibit Number	Description
Exhibit 1.1	Articles of Incorporation of ORIX Corporation, as amended on June 24, 2022, and effective on September 1, 2022 (Incorporated by reference to the Annual Report on Form 20-F filed on June 29, 2022 (File No. 001-14856)).
Exhibit 1.2	Regulations of the Board of Directors of ORIX Corporation, as amended on July 21, 2017 (Incorporated by reference to the Annual Report on Form 20-F filed on June 28, 2018 (File No. 001-14856)).
Exhibit 1.3	Share Handling Regulations of ORIX Corporation, as amended on January 6, 2025.
Exhibit 2.1	Description of American Depositary Shares of ORIX Corporation (Incorporated by reference to the Registration Statement on Form F-3 ASR filed on July 2, 2009 (File No. 333-160410)).
Exhibit 2.2	Deposit Agreement, dated September 14, 1998, by and among ORIX Corporation, Citibank, N.A., as Depositary, and the Holders and Beneficial Owners of American Depositary Shares Evidenced by American Depositary Receipts (Incorporated by reference to the Registration Statement on Form F-3 ASR filed on July 2, 2009 (File No. 333-160410)).
Exhibit 2.3	Form of Amendment No. 1 to Deposit Agreement, by and among ORIX Corporation, Citibank, N.A. as Depositary, and all Holders and Beneficial Owners of American Depositary Shares issued thereunder (Incorporated by reference to the Registration Statement on Form F-6 filed on January 10, 2025 (File No. 333-09384)).
Exhibit 8.1	List of subsidiaries and affiliates.
Exhibit 11.1	Code of Ethics, as amended on April 18, 2014 (Incorporated by reference to the Annual Report on Form 20-F filed on June 25, 2019 (File No. 001-14856).
Exhibit 11.2	Insider Trading Policies (Incorporated by reference to the Annual Report on Form 20-F filed on June 27, 2024 (File No. 001-14856)).
Exhibit 12.1	Certifications required by Rule 13a-14 (a) (17 CFR 240.13a-14 (a)) or Rule 15d-14 (a) (17 CFR 240.15d 14(a)).
Exhibit 13.1	Certifications required by Rule 13a-14 (b) (17 CFR 240.13a-14 (b)) or Rule 15d-14 (b) (17 CFR 240.15d 14 (b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
Exhibit 15.1	Consent of independent registered public accounting firm.
Exhibit 97	Compensation Clawback Policy (Incorporated by reference to the Annual Report on Form 20-F filed on June 27, 2024 (File No. 001-14856)).
Exhibit 101 INS	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document.
Exhibit 101 SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents.
Exhibit 104	Cover Page formatted as Inline XBRL and contained in Exhibit 101

We have not included as exhibits certain instruments with relation to our long-term debt or the long-term debt of our subsidiaries. The total amount of securities of us or our subsidiaries authorized under any such instrument does not exceed 10% of our consolidated total assets. We hereby agree to furnish to the SEC, upon its request, a copy of any and all such instruments.

SIGNATURES

The company hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

ORIX KABUSHIKI KAISHA

By: /s/ MASATAKA YAMADA

Name: Masataka Yamada

Title: Senior Managing Executive Officer
Chief Financial Officer and Chief Strategy Officer
Responsible for Corporate Strategy and Management Unit

Date: June 22, 2026

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Reports of Independent Registered Public Accounting Firm (KPMG AZSA LLC, Tokyo, Japan, Auditor Firm ID: 1009)	F-2
Consolidated Balance Sheets as of March 31, 2025 and 2026	F-6
Consolidated Statements of Income For the Years Ended March 31, 2024, 2025 and 2026	F-8
Consolidated Statements of Comprehensive Income For the Years Ended March 31, 2024, 2025 and 2026	F-10
Consolidated Statements of Changes in Equity For the Years Ended March 31, 2024, 2025 and 2026	F-11
Consolidated Statements of Cash Flows For the Years Ended March 31, 2024, 2025 and 2026	F-13
Notes to Consolidated Financial Statements	F-14
Schedule II.—Valuation and Qualifying Accounts and Reserves	F-173

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors
ORIX Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of ORIX Corporation (a Japanese corporation) and its subsidiaries (the Group) as of March 31, 2026 and 2025, the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended March 31, 2026, and the related notes and financial statement schedule II (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of March 31, 2026 and 2025, and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2026, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Group's internal control over financial reporting as of March 31, 2026, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated June 22, 2026 expressed an unqualified opinion on the effectiveness of the Group's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the fair value measurement of the convertible bond issued by AM Green (Luxembourg) S.à.r.l

As discussed in Note 2 to the consolidated financial statements, the Group's financial assets measured at fair value on a recurring basis under Level 3 of the fair value hierarchy as of March 31, 2026, amounted to ¥551,431 million, which included a ¥115,931 million convertible bond. The convertible bond was issued by AM Green (Luxembourg) S.à.r.l and received in conjunction with the partial sale of shares in Greenko Energy Holdings (the Convertible Bond). The Convertible Bond is measured at fair value using discounted cash flow methodology to estimate the equity value as of the transaction date, then using a pricing model based on the Monte Carlo simulation to estimate the bond's future conversion value and discounting it to the present value. The significant assumptions used in the discounted cash flow methodology include discount rates and future green ammonia sales prices and sales volumes for projected cash flows. The significant assumptions for the pricing model based on the Monte Carlo simulation include a discount rate and equity volatility.

We identified the assessment of the fair value measurement of the Convertible Bond as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment of the fair value measurement due to significant measurement uncertainty and subjectivity. Specifically, the assessment of the fair value measurement involved an evaluation of the discounted cash flow methodology and Monte Carlo model and certain significant assumptions. Such assumptions included discount rates, future green ammonia sales prices and sales volumes, and equity volatility. Additionally, minor changes in these key assumptions used for the valuation could have a significant effect on the fair value of the Convertible Bond.

The primary procedures we performed to address this critical audit matter were as follows. We evaluated the design and tested the operating effectiveness of certain internal controls related to the fair value measurement of the Convertible Bond specific to the discount rates, future green ammonia sales prices and sales volumes forming the basis of expected future cash flows, and equity volatility.

In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the Group' discounted cash flow methodology and Monte Carlo model for compliance with U.S. generally accepted accounting principles
- evaluating the discount rates by comparing to discount rate ranges that were developed using publicly available market data
- evaluating the future green ammonia sales prices by comparing them with publicly available market data and assessing the price competitiveness in the market as a result of such comparison
- evaluating the future green ammonia sales volumes developed by potential market share by analyzing government policies of the market in each related country and its price competitiveness
- evaluating the equity volatility by comparing it to an equity volatility range that was independently developed using publicly available market data and
- evaluating the fair value measured by management by comparing management's fair value to a fair value that was independently developed using market assumptions and an independent pricing model based on the Monte Carlo simulation model.

Assessment of the fair value measurement of the investment funds categorized as Level 3 financial instruments in the fair value hierarchy

As discussed in Notes 1 and 2 to the consolidated financial statements, the Group's financial assets measured at fair value on a recurring basis under Level 3 of the fair value hierarchy as of March 31, 2026 amounted to ¥551,431 million, which included ¥230,596 million of investment funds. Certain overseas subsidiaries are determined as investment companies under ASC 946 ("Financial Services—Investment Companies") and hold investment funds measured at fair value with changes in fair value recognized in earnings on a recurring basis. These investment funds are classified as Level 3 in the fair value hierarchy, because the Group measures their fair value using valuation techniques with key inputs that are unobservable. The fair value of the Level 3 investment funds held by a certain investment company in the ORIX USA segment is estimated based on the fair value of the underlying equity investments measured using the market approach technique utilizing market multiples. Key assumptions used for the valuation include selection of comparable companies and relevant market data and determination of earnings before interest, taxes, depreciation and amortization (EBITDA) multiples.

We identified the assessment of the fair value measurement of the Level 3 investment funds held by the investment company in the ORIX USA segment as a critical audit matter. Due to the significant measurement uncertainty associated with the fair value of such investment funds, a high degree of subjectivity was involved in determining the valuation technique and the key assumptions, including selection of comparable companies and relevant market data and determination of EBITDA multiples. Minor changes in these key assumptions used for the valuation could have a significant effect on the Group's net income. Therefore, a high degree of auditor judgment was required. Additionally, the audit effort associated with this estimate required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the fair value measurement process for the Level 3 investment funds, including controls over (1) the determination of the valuation technique and (2) the determination of the key assumptions used for the valuation. We involved valuation professionals with specialized skills and knowledge to assist in evaluating the reasonableness of management's estimated fair value by comparing it with fair value estimates developed using independently determined valuation techniques, inputs and assumptions.

KPMG AZSA LLC

We have served as the Group's auditor since 1985.

Tokyo, Japan
June 22, 2026

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors
ORIX Corporation

Opinion on Internal Control Over Financial Reporting

We have audited ORIX Corporation (a Japanese corporation) and subsidiaries' (the Group) internal control over financial reporting as of March 31, 2026, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of March 31, 2026, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Group as of March 31, 2026 and 2025, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended March 31, 2026, and the related notes and financial statement schedule II (collectively, the consolidated financial statements), and our report dated June 22, 2026 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG AZSA LLC

Tokyo, Japan
June 22, 2026

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2025 AND 2026

ORIX Corporation and Subsidiaries

	Millions of yen	
	2025	2026
ASSETS		
Cash and Cash Equivalents	¥ 1,206,573	¥ 1,334,945
Restricted Cash	115,410	116,154
Net investment in Leases	1,167,380	1,247,491
Installment Loans	4,081,019	4,173,582
The amounts which are measured at fair value by electing the fair value option are as follows:		
March 31, 2025 ¥97,694 million		
March 31, 2026 ¥78,020 million		
Allowance for Credit Losses	(56,769)	(80,194)
Investment in Operating Leases	1,967,178	2,152,820
Investment in Securities	3,234,547	3,308,829
The amounts which are measured at fair value by electing the fair value option are as follows:		
March 31, 2025 ¥41,018 million		
March 31, 2026 ¥39,796 million		
The amounts which are associated to available-for-sale debt securities are as follows:		
As of March 31, 2025		
Amortized Cost ¥3,174,036 million		
Allowance for Credit Losses ¥(670) million		
As of March 31, 2026		
Amortized Cost ¥3,403,138 million		
Allowance for Credit Losses ¥(3,505) million		
Property under Facility Operations	771,851	779,075
Equity method investments	1,320,015	1,306,312
Trade Notes, Accounts and Other Receivable	411,012	495,905
Inventories	229,229	269,187
Office Facilities	191,957	203,169
Other Assets	2,226,849	2,695,501
The amounts which are measured at fair value by electing the fair value option are as follows:		
March 31, 2025 ¥2,586 million		
March 31, 2026 ¥1,163 million		
Total Assets	¥16,866,251	¥18,002,776

Note: The assets of consolidated variable interest entities (VIEs) that can be used only to settle obligations of those VIEs are as follows:

	Millions of yen	
	2025	2026
Cash and Cash Equivalents	¥ 1,333	¥ 568
Net Investment in Leases (Net of Allowance for Credit Losses)	6,482	16,322
Installment Loans (Net of Allowance for Credit Losses)	71,668	29,696
Investment in Operating Leases	77,480	82,491
Property under Facility Operations	91,323	72,350
Equity method Investments	49,409	0
Other	45,402	34,319
	¥ 343,097	¥ 235,746

CONSOLIDATED BALANCE SHEETS—(Continued)
AS OF MARCH 31, 2025 AND 2026

ORIX Corporation and Subsidiaries

	Millions of yen	
	2025	2026
LIABILITIES AND EQUITY		
Liabilities:		
Short-term Debt	¥ 549,680	¥ 572,235
Deposits	2,449,812	2,625,556
Trade Notes, Accounts and Other Payable	339,787	356,008
Policy Liabilities and Policy Account Balances	1,948,047	1,943,710
The amounts which are measured at fair value by electing the fair value option are as follows:		
March 31, 2025 ¥136,257 million		
March 31, 2026 ¥138,027 million		
Income Taxes:		
Current	53,149	76,733
Deferred	525,632	611,051
Long-term Debt	5,733,118	5,965,759
Other Liabilities	1,091,811	1,227,913
Total Liabilities	12,691,036	13,378,965
Redeemable Noncontrolling Interests	3,432	50,743
Commitments and Contingent Liabilities		
Equity:		
Common stock:	221,111	221,111
Authorized: 2,590,000,000 shares		
Issued:		
March 31, 2025 1,162,962,244 shares		
March 31, 2026 1,124,106,624 shares		
Additional Paid-in Capital	234,193	235,239
Retained Earnings	3,354,911	3,502,509
Accumulated Other Comprehensive Income	341,298	605,110
Treasury Stock, at Cost:	(61,731)	(81,469)
March 31, 2025 26,672,695 shares		
March 31, 2026 25,519,804 shares		
ORIX Corporation Shareholders' Equity	4,089,782	4,482,500
Noncontrolling Interests	82,001	90,568
Total Equity	4,171,783	4,573,068
Total Liabilities and Equity	¥16,866,251	¥18,002,776

Notes: 1. The Company's shares held through the Board Incentive Plan Trust (3,413,000 shares as of March 31, 2025 and 3,035,102 shares as of March 31, 2026) are included in the number of treasury stock as of March 31, 2025 and 2026.

2. The liabilities of consolidated VIEs for which creditors (or beneficial interest holders) do not have recourse to the general credit of the Company and its subsidiaries are as follows:

	Millions of yen	
	2025	2026
Trade Notes, Accounts and Other Payable	525	688
Long-Term Debt	199,360	142,028
Other	16,749	12,490
	¥ 216,634	¥155,206

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED MARCH 31, 2024, 2025 AND 2026

ORIX Corporation and Subsidiaries

	Millions of yen		
	2024	2025	2026
Revenues:			
Finance revenues	¥ 348,001	¥ 328,356	¥ 365,570
Gains on investment securities and dividends	33,023	14,324	128,948
Operating leases	535,490	624,444	641,185
Life insurance premiums and related investment income	558,923	515,259	640,159
Sales of goods and real estate	373,914	373,155	442,586
Services income	965,010	1,019,283	1,112,383
Total revenues	2,814,361	2,874,821	3,330,831
Expenses:			
Interest expense	188,328	169,051	193,889
Costs of operating leases	356,760	394,821	411,939
Life insurance costs	433,863	384,753	479,937
Costs of goods and real estate sold	268,627	271,833	331,988
Services expense	560,101	604,145	634,329
Other (income) and expense	(4,671)	27,128	58,803
Selling, general and administrative expenses	627,633	646,054	711,775
Provision for credit losses	20,968	18,723	34,017
Write-downs of long-lived assets	1,724	25,933	16,242
Write-downs of securities	315	554	1,664
Total expenses	2,453,648	2,542,995	2,874,583
Operating Income	360,713	331,826	456,248
Equity in Net Income of Equity method investments	36,774	57,182	123,872
Gains on Sales of Subsidiaries and Equity method investments and Liquidation Losses, net	72,488	87,705	111,311
Bargain Purchase Gain	0	3,750	0
Income before Income Taxes	469,975	480,463	691,431
Provision for Income Taxes	131,388	128,828	233,103
Net Income	338,587	351,635	458,328
Net Income (Loss) Attributable to the Noncontrolling Interests	(7,682)	(389)	11,821
Net Income (Loss) Attributable to the Redeemable Noncontrolling Interests	137	394	(758)
Net Income Attributable to ORIX Corporation Shareholders	¥ 346,132	¥ 351,630	¥ 447,265

CONSOLIDATED STATEMENTS OF INCOME—(Continued)
FOR THE YEARS ENDED MARCH 31, 2024, 2025 AND 2026

ORIX Corporation and Subsidiaries

	Yen		
	2024	**2025**	**2026**
Amounts per Share of Common Stock for Income Attributable to ORIX Corporation Shareholders:			
Basic:			
Net Income Attributable to ORIX Corporation Shareholders	¥ 298.55	¥ 307.74	¥ 400.27
Diluted:			
Net Income Attributable to ORIX Corporation Shareholders	¥ 298.05	¥ 307.16	¥ 399.40
Cash Dividends	85.60	117.97	151.60

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2024, 2025 AND 2026

ORIX Corporation and Subsidiaries

	Millions of yen		
	2024	2025	2026
Net Income	¥ 338,587	¥ 351,635	¥ 458,328
Other comprehensive income (loss), net of tax:			
Net change of unrealized gains (losses) on investment in securities	(67,762)	(153,108)	(214,449)
Impact of changes in policy liability discount rate	93,269	158,339	299,258
Net change of debt valuation adjustments	(191)	(35)	193
Net change of defined benefit pension plans	13,293	5,128	17,167
Net change of foreign currency translation adjustments	173,304	(20,060)	171,936
Net change of unrealized gains (losses) on derivative instruments	(5,875)	(6,403)	(2,840)
Total other comprehensive income (loss)	206,038	(16,139)	271,265
Comprehensive Income	544,625	335,496	729,593
Comprehensive Income (loss) Attributable to the Noncontrolling Interests	(3,035)	(492)	15,771
Comprehensive Income Attributable to the Redeemable Noncontrolling Interests	350	344	2,773
Comprehensive Income Attributable to ORIX Corporation Shareholders	¥ 547,310	¥ 335,644	¥ 711,049

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2024, 2025 AND 2026

ORIX Corporation and Subsidiaries

	Millions of yen							
	ORIX Corporation Shareholders' Equity							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total ORIX Corporation Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at March 31, 2023	¥221,111	¥233,169	¥3,054,448	¥ 156,135	¥(121,256)	¥3,543,607	¥70,715	¥3,614,322
Contribution to subsidiaries						0	18,357	18,357
Transaction with noncontrolling interests		86		(165)		(79)	(3,470)	(3,549)
Comprehensive income (loss), net of tax:								
Net income (loss)			346,132			346,132	(7,682)	338,450
Other comprehensive income (loss)								
Net change of unrealized gains (losses) on investment in securities				(67,772)		(67,772)	0	(67,772)
Impact of changes in policy liability discount rate				93,269		93,269	0	93,269
Net change of debt valuation adjustments				(191)		(191)	0	(191)
Net change of defined benefit pension plans				13,287		13,287	6	13,293
Net change of foreign currency translation adjustments				168,285		168,285	4,816	173,101
Net change of unrealized gains (losses) on derivative instruments				(5,700)		(5,700)	(175)	(5,875)
Total other comprehensive income						201,178	4,647	205,825
Total comprehensive income (loss)						547,310	(3,035)	544,275
Cash dividends			(99,900)			(99,900)	(2,068)	(101,968)
Acquisition of treasury stock					(50,001)	(50,001)	0	(50,001)
Disposal of treasury stock		(227)			277	50	0	50
Cancellation of treasury stock		(49)	(40,951)		41,000	0	0	0
Other, net		478	1			479	0	479
Balance at March 31, 2024	¥221,111	¥233,457	¥3,259,730	¥ 357,148	¥(129,980)	¥3,941,466	¥80,499	¥4,021,965
Cumulative effect of adopting Accounting Standards Update 2023-02			¥ (157)			¥ (157)	0	¥ (157)
Balance at April 1, 2024	¥221,111	¥233,457	¥3,259,573	¥ 357,148	¥(129,980)	¥3,941,309	¥80,499	¥4,021,808
Contribution to subsidiaries						—	10,736	10,736
Transaction with noncontrolling interests		83		136		219	(7,451)	(7,232)
Comprehensive income (loss), net of tax:								
Net income (loss)			351,630			351,630	(389)	351,241
Other comprehensive income (loss)								
Net change of unrealized gains (losses) on investment in securities				(153,108)		(153,108)	0	(153,108)
Impact of changes in policy liability discount rate				158,339		158,339	0	158,339
Net change of debt valuation adjustments				(35)		(35)	0	(35)
Net change of defined benefit pension plans				5,121		5,121	7	5,128
Net change of foreign currency translation adjustments				(19,687)		(19,687)	(323)	(20,010)
Net change of unrealized gains (losses) on derivative instruments				(6,616)		(6,616)	213	(6,403)
Total other comprehensive income (loss)						(15,986)	(103)	(16,089)
Total comprehensive income (loss)						335,644	(492)	335,152
Cash dividends			(135,590)			(135,590)	(1,291)	(136,881)
Acquisition of treasury stock					(53,518)	(53,518)	0	(53,518)
Disposal of treasury stock		(654)			917	263	0	263
Cancellation of treasury stock		(149)	(120,702)		120,851	0	0	0
Other, net		1,456			(1)	1,455	0	1,455
Balance at March 31, 2025	¥221,111	¥234,193	¥3,354,911	¥ 341,298	¥ (61,731)	¥4,089,782	¥82,001	¥4,171,783

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—(Continued)
FOR THE YEARS ENDED MARCH 31, 2024, 2025 AND 2026

ORIX Corporation and Subsidiaries

	Millions of yen							
	ORIX Corporation Shareholders' Equity							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total ORIX Corporation Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at March 31, 2025	¥221,111	¥234,193	¥3,354,911	¥ 341,298	¥ (61,731)	¥4,089,782	¥ 82,001	¥4,171,783
Contribution to subsidiaries						0	14,457	14,457
Transaction with noncontrolling interests		344		28		372	(13,291)	(12,919)
Comprehensive income, net of tax:								
Net income			447,265			447,265	11,821	459,086
Other comprehensive income (loss)								
Net change of unrealized gains (losses) on investment in securities				(214,437)		(214,437)	0	(214,437)
Impact of changes in policy liability discount rate				299,258		299,258	0	299,258
Net change of debt valuation adjustments				193		193	0	193
Net change of defined benefit pension plans				17,162		17,162	5	17,167
Net change of foreign currency translation adjustments				164,577		164,577	3,816	168,393
Net change of unrealized gains (losses) on derivative instruments				(2,969)		(2,969)	129	(2,840)
Total other comprehensive income						263,784	3,950	267,734
Total comprehensive income						711,049	15,771	726,820
Cash dividends			(170,803)			(170,803)	(8,370)	(179,173)
Acquisition of treasury stock					(150,002)	(150,002)	0	(150,002)
Disposal of treasury stock		(906)			1,264	358	0	358
Cancellation of treasury stock		(137)	(128,864)		129,001	0	0	0
Other, net		1,745			(1)	1,744	0	1,744
Balance at March 31, 2026	¥221,111	¥235,239	¥3,502,509	¥ 605,110	¥ (81,469)	¥4,482,500	¥ 90,568	¥4,573,068

Note: Changes in the redeemable noncontrolling interests are not included in this table. For further information, see Note 18 "Redeemable Noncontrolling Interests."

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2024, 2025 AND 2026

ORIX Corporation and Subsidiaries

	Millions of yen		
	2024	2025	2026
Cash Flows from Operating Activities:			
Net income	¥ 338,587	¥ 351,635	¥ 458,328
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	364,242	399,527	404,791
Principal payments received under net investment in leases	475,730	495,717	505,410
Provision for credit losses	20,968	18,723	34,017
Equity in net income of equity method investments	(36,774)	(57,182)	(123,872)
Gains on sales of subsidiaries and equity method investments and liquidation losses, net	(72,488)	(87,705)	(111,311)
Bargain purchase gain	0	(3,750)	0
(Gains) Losses on sales of securities other than trading	(3,943)	6,772	(679)
Gains on sales of operating lease assets	(53,441)	(76,633)	(70,115)
Write-downs of long-lived assets	1,724	25,933	16,242
Write-downs of securities	315	554	1,664
Deferred tax provision	20,000	23,346	90,387
(Increase) Decrease in trading securities	(8,041)	28,487	(6,564)
Increase in inventories	(58,126)	(9,839)	(39,823)
(Increase) Decrease in trade notes, accounts and other receivable	5,235	(2,641)	4,556
Increase (Decrease) in trade notes, accounts and other payable	(4,427)	(3,910)	1,065
Increase in policy liabilities and policy account balances	186,193	268,258	395,623
Increase (Decrease) in income taxes payable	107,881	(9,232)	25,872
Other, net	(40,233)	(67,867)	(216,024)
Net cash provided by operating activities	1,243,402	1,300,193	1,369,567
Cash Flows from Investing Activities:			
Purchases of lease equipment	(1,124,207)	(1,288,608)	(1,257,360)
Originations of installment loans	(1,429,738)	(1,506,006)	(1,639,829)
Principal collected on installment loans	1,356,586	1,302,302	1,498,876
Proceeds from sales of operating lease assets	262,724	373,804	352,491
Investments in equity method investees, net	(166,640)	(64,985)	(30,922)
Proceeds from sales of equity method investments	23,967	95,789	131,813
Purchases of available-for-sale debt securities	(570,241)	(700,403)	(539,889)
Proceeds from sales of available-for-sale debt securities	197,640	289,170	341,633
Proceeds from redemption of available-for-sale debt securities	47,280	257,338	161,241
Purchases of equity securities other than trading	(57,819)	(76,767)	(98,026)
Proceeds from sales of equity securities other than trading	54,728	31,594	141,753
Purchases of property under facility operations	(76,667)	(69,064)	(75,075)
Acquisitions of subsidiaries, net of cash acquired	(42,486)	(89,871)	(129,036)
Sales of subsidiaries, net of cash disposed	139,525	111,043	39,696
Other, net	12,545	24,969	(12,037)
Net cash used in investing activities	(1,372,803)	(1,309,695)	(1,114,671)
Cash Flows from Financing Activities:			
Net increase (decrease) in debt with maturities of three months or less	10,751	(98,621)	55,427
Proceeds from debt with maturities longer than three months	1,218,867	1,549,750	1,210,761
Repayment of debt with maturities longer than three months	(1,177,803)	(1,368,479)	(1,217,574)
Net increase (decrease) in deposits due to customers	(1,572)	204,034	175,554
Cash dividends paid to ORIX Corporation Shareholders	(99,900)	(135,590)	(170,803)
Acquisition of treasury stock	(50,001)	(53,518)	(150,002)
Contribution from noncontrolling interests	15,621	3,577	1,350
Purchases of shares of subsidiaries from noncontrolling interests	(108)	(521)	(585)
Net increase (decrease) in call money	0	50,000	(55,000)
Other, net	(1,332)	(1,310)	(9,663)
Net cash provided by (used in) financing activities	(85,477)	149,322	(160,535)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	33,277	(3,144)	34,755
Net increase (decrease) in Cash, Cash Equivalents and Restricted Cash	(181,601)	136,676	129,116
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	1,366,908	1,185,307	1,321,983
Cash, Cash Equivalents and Restricted Cash at End of Year	¥ 1,185,307	¥ 1,321,983	¥ 1,451,099

The accompanying notes to consolidated financial statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ORIX Corporation and Subsidiaries

1. Significant Accounting and Reporting Policies

In preparing the accompanying consolidated financial statements, ORIX Corporation (the "Company") and its subsidiaries have complied with generally accepted accounting principles in the United States ("U.S. GAAP"). Significant accounting and reporting policies are summarized as follows:

(a) Basis of presenting financial statements

The Company and its subsidiaries in Japan maintain their books in conformity with Japanese accounting practices, which differ in certain respects from U.S. GAAP.

The accompanying consolidated financial statements have been prepared in conformity with U.S. GAAP and, therefore, reflect certain adjustments to the books and records of the Company and its subsidiaries. The principal adjustments relate to initial direct costs to originate leases, loan origination fees and related direct loan origination costs, accounting for allowance for credit losses, use of a straight-line basis of depreciation for operating lease assets, deferral of life insurance policy acquisition costs, calculation of insurance policy liabilities, accounting for goodwill and other intangible assets in business combinations, accounting for pension plans, accounting for sales of the parent's ownership interest in subsidiaries, classification in the statements of cash flows, accounting for transfer of financial assets, accounting for investment in securities, accounting for fair value option, accounting for lessee's lease and reflection of the income tax effect on such adjustments.

(b) Principles of consolidation

Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. VIEs, for which the Company and its subsidiaries are the primary beneficiaries, are also included in the consolidated financial statements.

In a transaction that results in the loss of control, the gain or loss recognized in income includes the realized gain or loss related to the portion of ownership interest sold and the gain or loss on the remeasurement to fair value of the interest retained. On the other hand, additional acquisition of the parent's ownership interest in subsidiaries and partial sale of such interest where the parent continues to retain control of the subsidiary are accounted for as equity transactions.

A certain overseas subsidiary consolidates subsidiaries determined as investment companies under ASC 946 ("Financial Services—Investment Companies"). Investments held by the investment company subsidiaries are carried at fair value with changes in fair value recognized in earnings.

All significant intercompany accounts and transactions have been eliminated in preparing our consolidated financial statements.

Equity method investees

(1) Investment in corporate entities

Investments in corporate entities, in which the Company and its subsidiaries have 20% – 50% ownership or has the ability to exercise significant influence, are accounted for by using the equity method except for those for which the fair value option has been elected. When the Company holds majority voting interests of an entity but noncontrolling shareholders hold substantive participating rights to make decisions on activities that occur over the ordinary course of the business, an equity method investee is recognized.

(2) Investment in real estate joint ventures

Investments in real estate joint ventures, which includes contracts for the development and operation of real estate, are accounted for by using the equity method.

(3) Investment in partnerships and other investments

Investments in partnerships and other investments, in which the Company and its subsidiaries have more than 3% to 5% ownership or over which the Company and its subsidiaries can exercise significant influence, are accounted for by using the equity method except for those for which the fair value option has been elected.

Equity method investments are recorded at cost plus/minus the Company and its subsidiaries' portion of equity in undistributed earnings. If the value of an investment has declined and is judged to be other-than-temporary, the investment is written down to its fair value.

When an equity method investee issues stocks, which price per share is more or less than the Company and its subsidiaries' average carrying amount per share, to unrelated third parties, the Company and its subsidiaries adjust the carrying amount of its equity method investee and recognize the gain or loss in the consolidated statements of income in the year in which the change in ownership interest occurs.

A lag period of up to three months is used on a consistent basis for recognizing the results of certain consolidated subsidiaries and equity method investees.

(c) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company has identified eleven areas where it believes estimates are particularly significant to the financial statements. The Company makes estimates and assumptions to the selection of valuation techniques and determination of assumptions used in fair value measurements, fair value measurement of assets acquired and liabilities assumed in a business combination, the determination and periodic reassessment of the unguaranteed residual value for finance leases and operating leases, the determination and reassessment of insurance policy liabilities and deferred policy acquisition costs, the determination of the allowance for credit losses (including the allowance for off-balance sheet credit exposures), the recognition and measurement of impairment of long-lived assets, the recognition and measurement of impairment of investment in securities, the determination of the valuation allowance for deferred tax assets and the evaluation of tax positions, the assessment and measurement of effectiveness in hedging relationship using derivative financial instruments, the determination of benefit obligation and net periodic pension cost and the recognition and measurement of impairment of goodwill and other intangible assets.

(d) Foreign currencies translation

The Company and its subsidiaries maintain their accounting records in their functional currency. Transactions in foreign currencies are recorded in the entity's functional currency based on the prevailing exchange rates on the transaction date. Monetary assets and liabilities in foreign currencies are recorded in the entity's functional currency based on the prevailing exchange rates at the end of each reporting period.

The financial statements of overseas subsidiaries and equity method investees are translated into Japanese yen by applying the exchange rates in effect at the end of each reporting period to all assets and liabilities.

Income and expenses are translated at the average rates of exchange prevailing during the fiscal year. The currencies in which the operations of the overseas subsidiaries and equity method investees are conducted are regarded as the functional currencies of these companies. Foreign currency translation adjustments reflected in other comprehensive income (loss), net of applicable income taxes, arise from the translation of foreign currency financial statements into Japanese yen.

(e) Revenue recognition

The Company and its subsidiaries recognize revenues from only contracts with customers, such as sales of goods and real estate, and services income, revenues are recognized to depict the transfer of promised goods or services to customers in the amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenues are recognized net of discount, incentives and estimated sales returns. In case that the Company and its subsidiaries receive payment from customers before satisfying performance obligations, the amounts are recognized as contract liabilities. In transactions that involve third parties, if the Company and its subsidiaries control the goods or services before they are transferred to the customers, revenue is recognized on the gross amount as the principal.

Excluding the aforementioned policy, the policies as specifically described hereinafter are applied for each revenue item.

Finance Revenues—Finance revenues mainly include revenues from finance leases, installment loans, and financial guarantees.

(1) Revenues from finance leases

Lessor leases consist of leases for various equipment types, including office equipment, industrial machinery, transportation equipment and real estate. Net investment in leases includes sales-type leases and direct financing leases which are full-payout leases. Leases not qualifying as sales-type leases or direct financing leases are accounted for as operating leases. Interest income on net investment in leases is recognized over the life of each respective lease using the interest method. When lease payment is variable, it is accounted for as income in profit or loss in the period when the changes in facts and circumstances on which the variable payment is based occur. When providing leasing services, the Company and its subsidiaries simultaneously conduct supplementary businesses, such as handling taxes and paying insurance on leased assets on behalf of lessees. The repayment of lessor costs received from lessees are recognized in revenues from finance leases and those underlying costs are recognized in other (income) and expense. The estimated unguaranteed residual value represents estimated proceeds from the disposition of equipment at the time the lease is terminated. Estimates of residual values are determined based on market values of used equipment, estimates of when and the extent to which equipment will become obsolete and actual recovery being experienced for similar used equipment. Initial direct costs of sales-type leases and direct financing leases are being deferred and amortized as a yield adjustment over the life of the related lease by using interest method. The unamortized balance of initial direct costs of sales-type leases and direct financing leases is reflected as a component of net investment in leases.

(2) Revenues from installment loans

Interest income on installment loans is recognized on an accrual basis. Certain related direct loan origination costs, net of loan origination fees, are being deferred and amortized over the contractual term of the loan as an adjustment of the related loan's yield using the interest method. Interest payments received on loans other than purchased loans are recorded as interest income unless the collection of the remaining investment is doubtful at which time payments received are recorded as reductions of principal. For purchased loans, although the acquired

assets may remain loans in legal form, collections on these loans often do not reflect the normal historical experience of collecting delinquent accounts, and the need to tailor individual collateral-realization strategies often makes it difficult to reliably estimate the amount, timing, or nature of collections. Accordingly, the Company and its subsidiaries use the cost recovery method of income recognition for such purchased loans.

(3) Revenues from financial guarantees

At the inception of a guarantee, fair value for the guarantee is recognized as a liability in the consolidated balance sheets. The Company and its subsidiaries recognize revenue mainly over the term of guarantee by a systematic and rational amortization method as the Company and its subsidiaries are released from the risk of the obligation.

(4) Non-accrual policy

For net investment in leases and installment loans, past-due financing receivables are receivables for which principal or interest is past-due 30 days or more. Loans whose terms have been modified are not classified as past-due financing receivables if the principal and interest are not past-due 30 days or more in accordance with the modified terms. The Company and its subsidiaries suspend accruing revenues on past-due installment loans and net investment in leases when principal or interest is past-due 90 days or more, or earlier, if management determines that their collections are doubtful based on factors such as individual debtors' creditworthiness, historical loss experience, current delinquencies and delinquency trends. However, delinquencies during the relevant period of past-due financing receivables are out of the scope of the suspension of revenue recognition unless their collections are doubtful when the government issues a request for grace of repayment within a maximum of 6 months due to reasons that cannot be attributed to the obligor, such as a disaster, or when similar requests are made by public bodies. Accrued but uncollected interest is reclassified to net investment in leases or installment loans in the accompanying consolidated balance sheets and becomes subject to the allowance for credit losses process. The Company and its subsidiaries return non-accrual loans and net investment in leases to accrual status when it becomes probable that the Company and its subsidiaries will be able to collect all amounts due according to the contractual terms of these loans and receivables, as evidenced by continual payments from the debtors. The period of such continual payments before returning to accrual status varies depending on factors that we consider are relevant in assessing the debtors' creditworthiness, such as the debtors' business characteristics and financial conditions as well as relevant economic conditions and trends.

***Operating leases*—**Revenues from operating leases are recognized on a straight-line basis over the lease term. When lease payment is variable, it is accounted for as income in profit or loss in the period when the changes in facts and circumstances on which the variable payment is based occur. In principle, any conditions changed from original lease agreement should be accounted for as a lease modification.

In providing leasing services, the Company and its subsidiaries simultaneously conduct supplementary businesses, such as handling taxes and paying insurance on leased assets on behalf of lessees. The compensation for those lessor costs received from lessees are recognized in operating lease revenues and those costs are recognized in costs of operating leases. Investment in operating leases is recorded at cost less accumulated depreciation. In addition, operating lease assets are depreciated over their estimated useful lives mainly on a straight-line basis. The estimated average useful lives of principal operating lease assets classified as transportation equipment is 7 years, measuring and information-related equipment is 4 years, real estate (other than land) is 28 years and other is 8 years. Depreciation expenses are included in costs of operating leases. Gains or losses arising from dispositions of operating lease assets are included in operating lease revenues.

Estimates of residual values are based on market values of used equipment, estimates of when and the extent to which equipment will become obsolete and actual recovery being experienced for similar used equipment. Initial direct costs of operating leases are being deferred and amortized as a straight-line basis over the lease term. The unamortized balance of initial direct costs is reflected as investment in operating leases.

(f) Insurance and reinsurance transactions

The policies are classified as long-duration contracts and mainly consist of whole life, term life, endowments, medical insurance and individual annuity insurance contracts. Income from insurance policies other than single-payment whole life insurance and individual annuities is recognized as income when due, net of reinsurance premiums paid. Life insurance benefits are recorded as expenses when they are incurred. The calculation of liabilities for future policy benefits other than single-payment whole life insurance and individual annuities is computed using the same contract groupings (also referred to as cohorts) by policy year, currency, payment method (full term payment or limited payment) and product category and the liabilities for future policy benefits are computed using the net level premium method based on expected future policy benefit payments. A liability is recorded for the present value of expected future policy insurance benefits to be paid and certain related costs, less the present value of expected future net premium to be earned, at the time the premium revenue recognized. For limited payment contracts, the excess of gross premiums received over net premium is recorded as a deferred profit liability.

The liabilities for future policy benefits are measured using assumptions such as mortality, morbidity, lapse, expense and discount rates. These assumptions are determined based on historical experience, industry data and other factors. Certain subsidiaries review and update future cash flow assumptions at least annually except for expense assumptions. Certain subsidiaries elected to lock in and not to update expense assumptions after expense assumptions are determined based on the most recent actual results at the time of contract issuance. The net premium ratios for calculating the liabilities for future policy benefits are also updated quarterly by cohort, reflecting actual cash flows. Certain subsidiaries remeasure the liabilities for future policy benefits using the updated net premium ratios as of the beginning of the reporting period in which the assumptions are updated and record the change from the remeasurement as gains or losses in life insurance costs in the consolidated statements of income. For periods subsequent to the remeasurement, certain subsidiaries calculate the liabilities for future policy benefits using updated net premium ratios. If net premiums exceed gross premiums, the liabilities for future policy benefits are increased and the excess is recognized immediately in earnings through life insurance costs in the consolidated statement of income.

Certain subsidiaries use a yield curve based on the yields on single-A rated fixed-income instruments as upper-medium grade fixed-income instrument yields with durations similar to the liabilities for future policy benefits to determine discount rate assumptions. The yields on single-A rated fixed-income instruments are referenced in the index provided by a third-party pricing vendor. The discount rate assumptions are updated quarterly and are used for remeasurement of the liability at the reporting date. Changes in the liabilities for future policy benefits resulting from updates of discount rate assumptions are recognized in other comprehensive income (loss), net of applicable income tax. For periods beyond the observable period of the referenced index, the discount rate yield curve beyond the observable period of the referenced index is interpolated to the ultimate forward rate using the Smith-Wilson method.

The insurance contracts sold by certain subsidiaries include variable annuity, variable life, single-payment whole life insurance and fixed annuity insurance contracts. Certain subsidiaries manage investment assets on behalf of variable annuity and variable life policyholders, which consist of equity securities and are included in investment in securities in the consolidated balance sheets. These investment assets are measured at fair value

with realized and unrealized gains or losses recognized in life insurance premiums and related investment income in the consolidated statements of income. Certain subsidiaries elected the fair value option for the entire variable annuity and variable life insurance contracts with changes in the fair value recognized in life insurance costs.

Certain subsidiaries provide minimum guarantees to variable annuity and variable life policyholders under which it is exposed to the risk of compensating losses incurred by the policyholders to the extent contractually required. To mitigate the risk, a portion of the minimum guaranteed risk related to variable annuity and variable life insurance contracts is ceded to reinsurance companies and the remaining risk is economically hedged by entering into derivative contracts. The reinsurance contracts do not relieve certain subsidiaries from the obligation as the primary obligor to compensate certain losses incurred by the policyholders, and the default of the reinsurance companies may impose additional losses on certain subsidiaries. Certain subsidiaries have elected the fair value option for certain reinsurance contracts relating to variable annuity and variable life insurance contracts, which are included in other assets in the consolidated balance sheets.

Policy liabilities and policy account balances for single-payment whole life insurance and fixed annuity insurance contracts are measured based on the single-premiums plus interest based on expected rate, less withdrawals, expenses and other charges. The credited interest is recorded in life insurance costs in the consolidated statements of income.

Certain costs related directly to the successful acquisition of new or renewal insurance contracts are deferred. Deferred policy acquisition costs consist primarily of agent commissions, except for policy maintenance costs, and underwriting expenses. For amortization of deferred policy acquisition costs, insurance contracts are grouped by contract year, currency, payment method (full term payment or limited payment) and product category, using the same contract groupings for the calculation of the liabilities for future policy benefits. Insurance contracts for which the liabilities for future policy benefits are not calculated are grouped by policy year, currency, and product category.

Deferred policy acquisition costs are amortized at constant-level basis for each cohort over the expected term of the policies, and the amortization is recorded in life insurance costs in the consolidated statements of income.

For all cohorts, the number of policies in force for the amortization of deferred policy acquisition costs is projected using mortality and lapse rates estimated based on historical experience, industry data and other factors, which are consistent with those assumptions used for calculating the liabilities for future policy benefits. When mortality and lapse rates are updated, the effects on the amortization of deferred policy acquisition costs are derived by updating the projected number of policies in force and recognized prospectively over the expected term of the policies.

Certain reinsurance commissions (income) corresponding to expenses directly to the successful acquisition of new or renewal of insurance contracts are similarly deferred and amortized in accordance with the above. These amounts are deducted from the unamortized balance of deferred acquisition costs related to the contracts subject to the reinsurance contract.

(g) Allowance for credit losses

The allowance for credit losses estimates credit losses expected to occur in the future over the remaining life of net investment in leases, financial assets measured at amortized cost, such as installment loans and other

receivables, and is recognized based on management judgement. Expected prepayments are reflected in the remaining life. The allowance for credit losses is increased by provision charged to income and is decreased by charge-offs, net of recoveries mainly.

Developing the allowance for credit losses is subject to numerous estimates and judgments. In evaluating the appropriateness of the allowance, management considers various factors, including the business characteristics and financial conditions of the obligors, prior charge-off experience, current delinquencies and delinquency trends, value of underlying collateral and guarantees, current economic and business conditions and expected outlook in the future.

The Company and its subsidiaries estimate the allowance for credit losses by using various methods according to these estimates and judgments. When certain financial assets have similar risk characteristics to other financial assets, these financial assets are collectively evaluated as a pool. On the contrary, when financial assets do not have similar risk characteristics to other financial assets, the financial assets are evaluated individually. The Company and its subsidiaries select the most appropriate calculation method based on available information, such as the nature and related risk characteristics on financial assets, the prior charge-off experience and future forecast scenario with correlated economic indicators.

The Company and its subsidiaries charge off doubtful receivables when the likelihood of any future collection is believed to be minimal considering debtors' creditworthiness and the liquidation status of collateral, etc.

In addition, if the entity has a present contractual obligation to extend credit and the obligation is not unconditionally cancelable by the entity, credit losses related to the loan commitments of installment loans and financial guarantees are in the scope of the allowance for credit losses. For the loan commitments of installment loans and credit losses are recognized on the loan commitments for the portion expected to be drawn. For financial guarantees, the allowance is recognized for the contingent obligation which generates credit risk exposures. The allowance for off-balance sheet credit exposures is measured using the same measurement objectives as the allowance for loans and net investment leases, considering quantitative and qualitative factors including historical loss experience, current economic and business conditions and reasonable and supportable forecasts. The allowance for off-balance sheet credit exposure is accounted for in other liabilities on the consolidated balance sheets.

(h) Impairment of long-lived assets

The Company and its subsidiaries perform a recoverability test for long-lived assets to be held and used in operations, including tangible assets and intangible assets being depreciated or amortized, consisting primarily of office buildings, condominiums, aircraft, ships, mega solar facilities and other properties under facility operations, whenever events or changes in circumstances indicate that the assets might be impaired. The assets are considered not recoverable when the undiscounted future cash flows estimated to be generated by those assets are less than the carrying amount of those assets. The carrying amount of assets not recoverable is reduced to fair value if lower than the carrying amount. The Company and its subsidiaries determine the fair value using appraisals prepared by independent third party appraisers or our own staff of qualified appraisers, and others based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flows methodologies using future cash flows estimated to be generated from operation of the existing assets or completion of development projects, as appropriate.

(i) Investment in securities

Equity securities are generally reported at fair value with unrealized gains and losses included in income. Equity securities without readily determinable fair values are recorded at fair value at its cost minus impairment, if any, plus or minus changes resulting from observable price changes under the election of the measurement alternative, except for investments which are valued at net asset value per share.

Equity securities elected to apply the measurement alternative are written down to its fair value with losses included in income if a qualitative assessment indicates that the investment is impaired and the fair value of the investment is less than its carrying value.

In addition, investments are recorded at fair value with unrealized gains and losses included in income if certain subsidiaries elect the fair value option.

Trading debt securities are reported at fair value with unrealized gains and losses included in income.

Available-for-sale debt securities are reported at fair value, and unrealized gains or losses are recorded in other comprehensive income (loss), net of applicable income taxes, except for investments which are recorded at fair value with unrealized gains and losses included in income by electing the fair value option.

For available-for-sale debt securities, if the fair value is less than the amortized cost, the debt securities are impaired. The Company and its subsidiaries identify per each impaired security whether the decline of fair value is due to credit losses component or non-credit losses component. Impairment related to credit losses is recognized in earnings through an allowance for credit losses. Impairment related to other factors than credit losses is recognized in other comprehensive income (loss), net of applicable income taxes. In estimating an allowance for credit losses, the Company and its subsidiaries consider that credit losses exist when the present value of estimated cash flows is less than the amortized cost basis. When the Company and its subsidiaries intend to sell the debt securities for which an allowance for credit losses is previously established or it is more likely than not that the Company and its subsidiaries will be required to sell the debt securities before recovery of the amortized cost basis, the allowance for credit losses is fully written off and the amortized cost is reduced to the fair value after recognizing additional impairment in earnings. In addition, the Company and its subsidiaries recognize in earnings the full difference between the amortized cost and the fair value of the debt securities by direct write-down, without any allowance for credit losses, if the debt securities are expected to be sold and the fair value is less than the amortized cost.

(j) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date. The Company and its subsidiaries release to earnings stranded income tax effects in accumulated other comprehensive income (loss) resulting from changes in tax laws or rates or changes in judgment about realization of a valuation allowance, on a specific identification basis when the individual items are completely sold or terminated, or on a portfolio basis, under which the remaining tax effects are allocated across the entire portfolio of similar items and recognized when the entire portfolio is liquidated. A valuation allowance is recognized, based on the weight of available evidence, to reduce deferred tax assets to the amount that is “more likely than not” to be realized.

The Company and its subsidiaries file tax returns in Japan and certain foreign tax jurisdictions and recognize the financial statement effects of a tax position taken or expected to be taken in a tax return when it is more likely than not, based on the technical merits, that the position will be sustained upon tax examination, including resolution of any related appeals or litigation processes, and measure tax positions that meet the recognition threshold as the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with the taxing authority. The Company and its subsidiaries present an unrecognized tax benefit either as a reduction of a deferred tax asset or as a liability, based on the intended method of settlement. The Company and its subsidiaries classify penalties and interest expense related to income taxes as part of provision for income tax expense in the consolidated statements of income.

The Company and certain subsidiaries have applied the Japanese Group Relief System for national corporation tax purposes.

(k) Securitized assets

The Company and its subsidiaries have securitized and sold to investors various financial assets such as lease receivables and loan receivables. In the securitization process, the assets to be securitized are sold to SPEs, that issue asset-backed beneficial interests and securities to the investors.

SPEs used in securitization transactions are consolidated if the Company and its subsidiaries are the primary beneficiary of the SPEs, and the transfers of the financial assets to those consolidated SPEs are not accounted for as sales. Assets held by consolidated SPEs continue to be accounted for as lease receivables or loan receivables, as they were before the transfer, and asset-backed beneficial interests and securities issued to the investors are accounted for as debt. When the Company and its subsidiaries have transferred financial assets to a transferee that is not subject to consolidation, the Company and its subsidiaries account for the transfer as a sale if control over the transferred assets is surrendered.

The Company and certain subsidiaries originate and sell loans into the secondary market, while retaining the obligation to service those loans. In addition, a certain subsidiary undertakes obligations to service loans originated by others. The subsidiary recognizes servicing assets if it expects the benefit of servicing to more than adequately compensate it for performing the servicing or recognizes servicing liabilities if it expects the benefit of servicing to less than adequately compensate it. These servicing assets and liabilities are initially recognized at fair value and subsequently accounted for using the amortization method whereby the assets and liabilities are amortized in proportion to and over the period of estimated net servicing income or net servicing loss. On a quarterly basis, servicing assets and liabilities are evaluated for impairment or increased obligations. The fair value of servicing assets and liabilities is estimated using an internal valuation model, or by obtaining an opinion of value from an independent third-party vendor. Both methods are based on calculating the present value of estimated future net servicing cash flows, taking into consideration discount rates, prepayment rates and servicing costs. The internal valuation model is validated at least semiannually through third-party valuations.

(l) Derivative financial instruments

The Company and its subsidiaries recognize all derivatives on the consolidated balance sheets at fair value. The accounting treatment of subsequent changes in the fair value depends on their use, and whether they qualify as effective “hedges” for accounting purposes. Derivatives for the purpose of trading or economic hedges that have not qualified for hedge accounting are adjusted to fair value through the consolidated statements of income. If derivatives have qualified for hedge accounting, then depending on its nature, changes in its fair value will be either offset against changes in the fair value of hedged assets or liabilities through the consolidated statements of income, or recorded in other comprehensive income (loss), net of applicable income taxes.

If a derivative is held as a hedge of the variability of fair value related to a recognized asset or liability or an unrecognized firm commitment ("fair value" hedge), changes in the fair value of the derivative are recorded in earnings along with the changes in the fair value of the hedged item.

If a derivative is held as a hedge of the variability of cash flows related to a forecasted transaction or a recognized asset or liability ("cash flow" hedge), changes in the fair value of the derivative are recorded in other comprehensive income (loss), net of applicable income taxes, until earnings are affected by the variability in cash flows of the designated hedged item.

If a derivative is held as a hedge of a net investment in a foreign operation, changes in the fair value of the derivative are recorded in the foreign currency translation adjustments account within other comprehensive income (loss), net of applicable income taxes.

The Company and its subsidiaries select either the amortization approach or the fair value approach, depending on the type of hedging activity, for the initial value of the component excluded from the assessment of effectiveness, and recognize it through the consolidated statements of income. When the amortization approach is adopted, the change in fair value is recognized in earnings using a systematic and rational method over the life of the hedging instrument and then any difference between the change in fair value and the amount recognized in earnings is recognized in other comprehensive income (loss), net of applicable income taxes. When the fair value approach is adopted, the change in the fair value is immediately recognized through the consolidated statements of income.

For all hedging relationships that are designated and qualified for hedge accounting, at the inception of the hedge, the Company and its subsidiaries formally document the details of the hedging relationship and the hedging activity. The Company and its subsidiaries formally assess, both at the hedge's inception and on an ongoing basis, the effectiveness of the hedge relationship. The Company and its subsidiaries cease hedge accounting prospectively when the derivative no longer qualifies for hedge accounting.

(m) Pension plans

The Company and certain subsidiaries have contributory and non-contributory pension plans covering substantially all of their employees. Among the plans, the costs of defined benefit pension plans are accrued based on amounts determined using actuarial methods, with assumptions of discount rate, rate of increase in compensation level, expected long-term rate of return on plan assets and others.

The Company and its subsidiaries also recognize the funded status of pension plans, measured as the difference between the fair value of plan assets and the benefit obligation, on the consolidated balance sheets. Changes in that funded status are recognized in the year in which the changes occur through other comprehensive income (loss), net of applicable income taxes.

(n) Stock-based compensation

In principle, the Company and its subsidiaries measure stock-based compensation expense as consideration for services provided by employees based on the fair value on the grant date. The costs are recognized over the requisite service period.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits placed with banks and short-term highly liquid investments with original maturities of three months or less.

(p) Property under facility operations

Property under facility operations consist primarily of operating facilities (including hotels) and environmental assets (including mega solar and wind power plants), which are stated at cost less accumulated depreciation, and depreciation is calculated mainly on a straight-line basis over the estimated useful lives of the assets. Depreciation expenses in fiscal 2024, 2025 and 2026 were ¥35,615 million, ¥41,671 million and ¥42,755 million, respectively. Accumulated depreciation was ¥238,185 million and ¥245,328 million as of March 31, 2025 and 2026, respectively. Estimated useful lives range up to 50 years for buildings, up to 60 years for structures and up to 44 years for others.

(q) Inventories

Inventories consist primarily of residential condominiums under development, completed residential condominiums (including those waiting to be delivered to buyers under the contract for sale), and merchandise for sale. Residential condominiums under development are carried at cost less any impairment losses, and completed residential condominiums and merchandise for sale are stated at the lower of cost or fair value less cost to sell. The cost of inventories that are unique and not interchangeable is determined on the specific identification method and the cost of other inventories is principally determined on the average method. As of March 31, 2025 and 2026, residential condominiums under development were ¥116,416 million and ¥140,800 million, respectively, and completed residential condominiums and merchandise for sale were ¥112,813 million and ¥128,387 million, respectively.

(r) Office facilities

Office facilities are stated at cost less accumulated depreciation. Depreciation is calculated on a declining-balance basis or straight-line basis over the estimated useful lives of the assets. Depreciation expenses in fiscal 2024, 2025 and 2026 were ¥9,256 million, ¥9,842 million and ¥8,223 million, respectively. Accumulated depreciations were ¥65,155 million and ¥71,412 million as of March 31, 2025 and 2026, respectively. Estimated useful lives range up to 62 years for buildings and structures and up to 44 years for machinery and equipment.

(s) Right-of-use assets

The Company and its subsidiaries record the ROU assets recognized from the lessee's lease transaction as investment in operating leases, property under facility operations and office facilities. Lease liabilities are included in other liabilities.

ROU assets are consisted of the amount of the initial measurement of the lease liability and any lease payments made to the lessor at or before the commencement date and stated at cost less accumulated amortization. The initial measurement of the lease liability is at the present value of the lease payments not yet paid, discounted using the lessee's incremental borrowing rate at lease commencement. ROU assets of finance leases are amortized mainly on a straight-line basis over the lease term. ROU assets of operating leases are amortized over the lease term by the fixed term operating cost minus the interest cost. Amortization of ROU assets of finance leases and operating leases expenses are included in costs of operating leases, services expense and selling, general and administrative expenses.

(t) Other assets

Other assets consist primarily of goodwill and other intangible assets in acquisitions, reinsurance recoverables in relation to reinsurance contracts, deferred insurance policy acquisition costs which are amortized

over the contract periods, leasehold deposits, advance payments made in relation to construction of real estate under operating leases and property under facility operations, prepaid benefit cost, prepaid expenses for property tax, maintenance fees and insurance premiums in relation to lease contracts, servicing assets, derivative assets, contract assets related to real estate contract works and deferred tax assets.

(u) Business combinations

The Company and its subsidiaries account for business combinations using the acquisition method. Under this method, the Company and its subsidiaries recognize and measure the identifiable assets acquired and liabilities assumed at their fair values as of the acquisition date, which is the date on which control is obtained. Intangible assets acquired in a business combination are recognized separately from goodwill if they meet either the contractual legal criterion or the separability criterion. Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of any noncontrolling interests over the net fair value of the identifiable assets acquired and liabilities assumed. A bargain purchase gain is recognized when the net fair value of the identifiable assets acquired and liabilities assumed exceeds the consideration transferred and the fair value of any noncontrolling interests. In a business combination achieved in stages, the Company and its subsidiaries remeasure their previously held equity interest at their acquisition-date fair value and recognize the resulting gain or loss, if any, in earnings.

The determination of the fair values of identifiable assets acquired and liabilities assumed requires management to make significant judgments, estimates, and assumptions. When observable market prices for intangible assets are not available, the Company and its subsidiaries use valuation techniques such as the excess earnings method and the relief from royalty method, which use future sales growth rates, operating margins, discount rates, etc.

(v) Goodwill and other intangible assets

The Company and its subsidiaries perform an impairment test for goodwill and any indefinite-lived intangible assets at least annually. Additionally, if events or changes in circumstances indicate that the asset might be impaired, the Company and its subsidiaries test for impairment whenever such events or changes occur.

The Company and its subsidiaries have the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount before we perform a quantitative goodwill impairment test. The Company and its subsidiaries perform the qualitative assessment for some goodwill but bypass the qualitative assessment and proceed directly to the quantitative impairment test for other goodwill. For the goodwill for which the qualitative assessment is performed, if, after assessing the totality of events or circumstances, the Company and/or subsidiaries determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the Company and/or subsidiaries do not perform the quantitative goodwill impairment test. However, if the Company and/or subsidiaries conclude otherwise or determine to bypass the qualitative assessment, the Company and/or subsidiaries proceed to perform the quantitative goodwill impairment test. The quantitative goodwill impairment test calculates the fair value of the reporting unit and compares the fair value with the carrying amount of the reporting unit. If the fair value of the reporting unit falls below its carrying amount, an impairment loss is recognized in an amount equal to the difference. The Company and its subsidiaries test the goodwill at the reporting unit level which is either the same level as an operating segment level or one level below an operating segment.

The Company and its subsidiaries have the option to perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired before we perform a quantitative

impairment test. The Company and its subsidiaries perform the qualitative assessment for some indefinite-lived intangible assets but bypass the qualitative assessment and perform the quantitative impairment test for other indefinite-lived intangible assets. For those indefinite-lived intangible assets for which the qualitative assessment is performed, if, after assessing the totality of events and circumstances, the Company and/or subsidiaries conclude that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the Company and/or subsidiaries do not perform the quantitative impairment test. However, if the Company and/or subsidiaries conclude otherwise or determine to bypass the qualitative assessment, the Company and/or subsidiaries calculate the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test. We compare the fair value with the carrying amount of the indefinite-lived intangible asset. If the carrying amount of the indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Intangible assets with finite lives are amortized over their useful lives and tested for impairment. The Company and its subsidiaries perform a recoverability test for the intangible assets whenever events or changes in circumstances indicate that the assets might be impaired. The intangible assets are considered not recoverable when the undiscounted future cash flows estimated to be generated by those assets are less than the carrying amount of those assets, and the net carrying amount of assets not recoverable is reduced to fair value if lower than the carrying amount and an impairment loss is recognized in an amount equal to the difference.

(w) Other Liabilities

Other liabilities include primarily lease liabilities recognized from the lessee's lease transaction, accrued expenses related to interest and bonus, accrued benefit liability, advances received from lessees in relation to lease contracts, deposits received from real estate transaction, contract liabilities mainly related to automobile maintenance services and maintenance services of software, measurement equipment and other, and derivative liabilities and allowance for credit losses on off-balance sheet credit exposures.

(x) Earnings per share

Basic earnings per share is computed by dividing net income attributable to ORIX Corporation Shareholders by the weighted average number of shares of outstanding common stock in each period. Diluted earnings per share is calculated by reflecting the potential dilution that could occur if securities or other contracts issuing common stock were exercised or converted into common stock.

(y) Redeemable noncontrolling interests

Noncontrolling interests in a certain subsidiary are redeemable interests which are subject to call and put rights upon certain equity holder events. As redemption of the noncontrolling interest is not solely in the control of the subsidiary, it is recorded between liabilities and equity on the consolidated balance sheets at its estimated redemption value.

(z) New accounting pronouncements

In December 2023, Accounting Standards Update 2023-08 ("Accounting for and Disclosure of Crypto Assets"—Subtopic 350-60 ("Intangibles—Goodwill and Other—Crypto Assets")) was issued. This update requires that crypto assets within the scope of this Subtopic generally be remeasured at fair value at the end of the reporting period and that changes in carrying amount due to remeasurement be recognized in the income statement. It also requires new disclosures about crypto assets within the scope of this Subtopic.

The Company and its subsidiaries adopted this update on April 1, 2025. The adoption of this update had no material effect on the Company and its subsidiaries' results of operations or financial position.

In December 2023, Accounting Standards Update 2023-09 ("Improvements to Income Tax Disclosures"—ASC 740 ("Income Taxes")) was issued. This update requires annual disclosure of income taxes. It requires disclosure of specific categories in the rate reconciliation and separate disclosure and additional information for reconciliation items that are equal to or greater than 5% of the amount computed by multiplying income (or loss) before income taxes by the applicable national statutory income tax rate. It also requires disclosure of the amount of income taxes paid disaggregated by national, local and foreign. Additionally, it requires separate disclosure of the amount of income taxes paid disaggregated by each tax jurisdiction in which income taxes paid is equal to or greater than 5% of the total income taxes paid. This update is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company and its subsidiaries adopted this update prospectively on April 1, 2025. Since this update relates to disclosure requirements, the adoption did not have an effect on the Company and its subsidiaries' results of operations or financial position.

In March 2024, Accounting Standards Update 2024-01 ("Scope Application of Profits Interest and Similar Awards"—ASC 718 ("Compensation—Stock Compensation")) was issued. This update clarifies how an entity should apply the scope guidance to determine whether profits interest and similar awards ("profits interests awards" from hereafter) should be accounted for in accordance with ASC 718 ("Compensation—Stock Compensation"). This update is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted. This update will either be applied retrospectively to all prior periods presented in the financial statements or prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. The Company and its subsidiaries adopted this update on April 1, 2025 choosing the option to apply the update prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. The adoption of this update had no material impact on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

In November 2024, Accounting Standards Update 2024-03 ("Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures"—(Subtopic 220-40)) was issued, and related update clarifying effective date was issued thereafter. This update requires that entities disclose purchases of inventory, employee compensation, depreciation, intangible asset amortization and depletion for each income statement line item that contains those expenses. It also requires specified expenses, gains or losses that are already disclosed under existing US GAAP to be included in the disclosure of the relevant expense captions, and any remaining amounts to be described qualitatively. Additionally, separate disclosures of total selling expenses and its definition are also required. This update is effective for fiscal years beginning after December 15, 2026 and interim periods beginning after December 15, 2027, and early adoption is permitted. This update will either be applied prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. The Company and its subsidiaries will adopt this update on April 1, 2027 for annual disclosure and on April 1, 2028 for interim disclosure. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' disclosures.

In November 2024, Accounting Standards Update 2024-04 ("Induced Conversions of Convertible Debt Instruments"—Subtopic 470-20 ("Debt—Debt with Conversion and Other Options")) was issued. This update clarifies the application requirements for accounting treatment when conversions are induced by incentives. The update is effective for fiscal years and interim periods beginning after December 15, 2025, with early adoption permitted. Entities may elect either to apply the update retrospectively to all prior periods presented or

prospectively from the date of adoption. The Company and its subsidiaries plan to adopt this update prospectively on April 1, 2026. The Company does not expect the adoption of this update to have a material impact on its results of operations, financial position, or disclosures.

In May 2025, Accounting Standards Update 2025-03 ("Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity"—ASC 805 ("Business Combinations"), ASC 810 ("Consolidation")) was issued. This update requires an entity involved in an acquisition transaction effected primarily by exchanging equity interests when the legal acquiree is a VIE that meets the definition of a business to consider the factors in the guidance of Subtopic 805-10 ("Business Combinations—Overall") to determine which entity is the accounting acquirer. This update is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. This update requires that an entity apply the new guidance prospectively to any acquisition transaction that occurs after the initial application date. The Company and its subsidiaries will adopt this update on April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position.

In May 2025, Accounting Standards Update 2025-04 ("Clarifications to Share-Based Consideration Payable to a Customer"—ASC 718 ("Compensation—Stock Compensation"), ASC 606 ("Revenue from Contracts with Customers")) was issued. This update revised the definition of the term performance conditions for share-based consideration payable to a customer, including conditions based on the volume or monetary amount of a customer's purchase of goods or services. When share-based consideration payable to a customer included service conditions, it eliminated the policy election permitting the entity to account for forfeitures as they occur, and the entity is required to estimate the number of forfeitures expected to occur. Additionally, it clarifies that share-based consideration payable to a customer is not subject to the constraint on estimates of variable consideration in ASC 606. This update is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. This update will either be applied using a modified retrospective approach, with a cumulative-effect adjustment to retained earnings as of the fiscal year of adoption, or retrospectively to all prior periods presented in the financial statements. The Company and its subsidiaries will adopt this update on April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

In July 2025, Accounting Standards Update 2025-05 ("Measurement of Credit Losses for Accounts Receivable and Contract Assets"—ASC 326 ("Financial Instruments—Credit Losses")) was issued. This update revised the guidance for estimating expected credit losses on trade receivables and contract assets arising from transactions within the scope of ASC 606, Revenue from Contracts with Customers. The amendments allow all entities to apply a practical expedient when developing reasonable and supportable forecasts for credit loss estimates. Under this expedient, entities may assume that the economic conditions existing as of the reporting date will remain unchanged over the remaining life of the financial asset. Nevertheless, entities are required to adjust historical loss information to reflect current conditions if those conditions differ from those in the historical data. This update is effective for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years. Early adoption is permitted. This update requires that an entity apply the new guidance prospectively. The Company and its subsidiaries will adopt this update on April 1, 2026. The Company and its subsidiaries expect that the adoption of this update will have no material impact on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

In September 2025, Accounting Standards Update 2025-06 ("Targeted Improvements to the Accounting for Internal-Use Software"—Subtopic 350-40 ("Intangibles—Goodwill and Other—Internal-Use Software")) was

issued. This update eliminates accounting consideration of software project stages and requires capitalization to begin when management has authorized and committed to funding the software project and it is probable that the project will be completed and the software will be used to perform the function intended. This update also requires that capitalized internal-use software costs are subject to the disclosure requirements under Subtopic 360-10 ("Property, Plant, and Equipment"), regardless of how such those costs are presented in the financial statements. Furthermore, it also modifies the website development costs guidance by eliminating Subtopic 350-50 and relocating any remaining relevant guidance into Subtopic 350-40. This update is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years. Early adoption is permitted. This update will either be applied to a prospective transition approach, a modified transition approach, under which a cumulative-effect adjustment is recognized in retained earnings as of the beginning of the adoption period, or retrospectively to all prior periods presented in the financial statements. The Company and its subsidiaries will adopt this update on April 1, 2028. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations, financial position, and disclosures.

In October 2025, Accounting Standards Update 2025-08 ("Purchased Loans: Financial Instruments—Credit Losses"—ASC 326 ("Financial Instruments—Credit Losses")) was issued. This update broadens the population of financial assets that are within the scope of the gross-up approach under ASC 326 to include purchased seasoned loans that are not considered purchased credit-deteriorated assets. This update is effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted. This update requires that an entity apply prospectively to loans that are acquired on or after the initial application date. The Company and its subsidiaries will adopt this update on April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

In November 2025, Accounting Standards Update 2025-09 ("Hedge Accounting Improvements"—ASC 815 ("Derivatives and Hedging")) was issued. This update expands the scope of hedge accounting in the following five areas. (1) This update expands the hedged risks permitted to be aggregated in a group of individual forecasted transactions in a cash flow hedge. (2) This update provides a model to facilitate the application of cash flow hedge accounting to forecasted interest payments on choose-your-rate debt instruments. (3) This update permits an entity to designate the variability in cash flows attributable to changes in a variable price component of a forecasted purchase or sale of a nonfinancial asset as the hedged risk, provided that the component is clearly and closely related to the nonfinancial asset being purchased or sold. (4) This update eliminates the requirement to apply the net written option test to a compound derivative comprising a swap and a written option designated as the hedging instrument of interest rate risk. (5) The amendments require that an entity exclude the debt instrument's fair value hedge basis adjustment from the net investment hedge effectiveness assessment and recognize in earnings the gains and losses from the remeasurement of the debt instrument's fair value hedge basis adjustment at the spot exchange rate. This update is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. This update requires that an entity apply the new guidance prospectively for all hedging relationships and permits an entity to elect to apply it to hedging relationships that exist as of the date of adoption. The Company and its subsidiaries will adopt this update on April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

In December 2025, Accounting Standards Update 2025-10 ("Accounting for Government Grants Received by Business Entities"— ASC 832 ("Government Assistance")) was issued. This update establishes authoritative

guidance on the recognition, measurement, presentation and disclosure of government grants received by business entities. This update requires an entity to recognize a government grant only when it is probable that the entity will both comply with the conditions attached to the grant and the grant will be received, and when the related expenses or costs have been incurred. This update provides specific accounting models for grants related to assets and grants related to income. For grants related to assets, it permits an entity to either recognize government grants as deferred income or as an adjustment to the carrying amount of the asset. For grants related to income, it requires an entity to recognize the grant in earnings over the periods in which the entity recognizes the related costs as expenses, which the grant is intended to compensate. It also requires additional disclosures regarding the nature of government grants, significant terms and conditions, accounting policies applied, and amounts recognized in the financial statements. This update is effective for fiscal years beginning after December 15, 2028, including interim periods within those fiscal years. Early adoption is permitted. This update will be applied using either a modified prospective approach for government grants entered into on or after the effective date, a modified retrospective approach for government grants entered into on or after the beginning of the earliest period presented, or a retrospective approach for all government grants. The Company and its subsidiaries will adopt this update on April 1, 2029. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations, financial position, as well as disclosures.

In April 2026, Accounting Standards Update 2026-01 ("Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock"—ASC 505("Equity")) was issued. This update requires an entity that paid-in-kind dividends on equity-classified preferred stock be initially measured on the basis of the paid-in-kind dividend rate stated in the preferred stock agreement. This update is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. This update will either be applied prospectively to paid-in-kind dividends recognized on preferred stock on or after the initial application date, or retrospectively to paid-in-kind dividends recognized on preferred stock outstanding as of the initial application date for all prior periods presented in the financial statements. The Company and its subsidiaries will adopt this update from April 1, 2027. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

In May 2026, Accounting Standards Update 2026-02 ("Environmental Credits and Environmental Credit Obligations" — ASC 818) was issued. This update establishes new accounting guidance on the recognition, measurement, presentation, and disclosure of environmental credits generated, purchased, or received by an entity, as well as environmental credit obligations arising from regulatory compliance requirements related to the prevention, control, reduction, or removal of emissions or other pollution. This update requires that environmental credits that are probable of being used to settle environmental credit obligations, or of transfer in exchange transactions or of use in a nonreciprocal transfer, be recognized as assets at cost, while costs to obtain all other environmental credits be recognized as an expense when incurred. In addition, among the environmental credits recognized as assets, those expected to be used to settle such obligations are subsequently measured at cost, whereas other environmental credits are subject to impairment testing at the end of each reporting period, with impairment losses recognized to the extent that the carrying amount exceeds fair value. This update requires the recognition of liabilities for environmental credit obligations arising from regulatory compliance requirements existing at the reporting date. Such obligations are measured based on the carrying amount of environmental credits held and expected to be used for settlement, or, if such credits are not held, based on the fair value of the environmental credits required to settle the obligation. This update is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years. Early adoption is permitted. This update requires a modified retrospective approach, with a cumulative-effect adjustment to retained earnings as of the fiscal year of adoption. The Company and its subsidiaries will adopt this update on

April 1, 2028. The Company and its subsidiaries are currently evaluating the effect that the adoption of this update will have on the Company and its subsidiaries' results of operations or financial position, as well as disclosures.

2. Fair Value Measurements

The Company and its subsidiaries classify and prioritize inputs used in valuation techniques to measure fair value into the following three levels:

Level 1—Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3—Unobservable inputs for the assets or liabilities.

The Company and its subsidiaries differentiate between those assets and liabilities required to be carried at fair value at every reporting period ("recurring") and those assets and liabilities that are only required to be adjusted to fair value under certain circumstances ("nonrecurring"). The Company and its subsidiaries mainly measure certain loans held for sale, trading debt securities, available-for-sale debt securities, certain equity securities, derivatives, certain reinsurance recoverables, variable annuity and variable life insurance contracts, and certain accounts payable at fair value on a recurring basis.

The following tables present recorded amounts of major financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2025 and 2026:

March 31, 2025

	Millions of yen			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Loans held for sale*1	¥ 97,694	¥ 0	¥ 29,900	¥ 67,794
Available-for-sale debt securities:	2,607,637	12,243	2,377,740	217,654
Japanese and foreign government bond securities*2	1,092,526	7,510	1,085,016	0
Japanese prefectural and foreign municipal bond securities	406,830	0	395,952	10,878
Corporate debt securities*3	802,545	4,733	793,560	4,252
CMBS and RMBS in the Americas	106,751	0	99,669	7,082
Other asset-backed securities and debt securities	198,985	0	3,543	195,442
Equity securities*4*5	418,690	137,014	119,466	162,210
Derivative assets:	64,170	361	54,992	8,817
Interest rate swap agreements	17,869	0	17,869	0
Options held/written and other	15,767	0	6,950	8,817
Futures, foreign exchange contracts	20,964	361	20,603	0
Foreign currency swap agreements	9,570	0	9,570	0
Netting*6	(20,495)	—	—	—
Net derivative assets	43,675	—	—	—
Other assets:	2,586	0	0	2,586
Reinsurance recoverables*7	2,586	0	0	2,586
Total	¥3,190,777	¥149,618	¥2,582,098	¥459,061
Liabilities:				
Derivative liabilities:	¥ 56,038	¥ 129	¥ 55,257	¥ 652
Interest rate swap agreements	2,774	0	2,774	0
Options held/written and other	13,715	0	13,063	652
Futures, foreign exchange contracts	39,387	129	39,258	0
Foreign currency swap agreements	159	0	159	0
Credit derivatives written	3	0	3	0
Netting*6	(20,495)	—	—	—
Net derivative Liabilities	35,543	—	—	—
Policy Liabilities and Policy Account Balances:	136,257	0	0	136,257
Variable annuity and variable life insurance contracts*8	136,257	0	0	136,257
Accounts Payable	15,259	0	0	15,259
Contingent Consideration	15,259	0	0	15,259
Total	¥ 207,554	¥ 129	¥ 55,257	¥152,168

March 31, 2026

	Millions of yen			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Loans held for sale*1	¥ 78,020	¥ 0	¥ 42,336	¥ 35,684
Available-for-sale debt securities:	2,526,416	7,278	2,243,137	276,001
Japanese and foreign government bond securities*2	973,885	2,150	971,735	0
Japanese prefectural and foreign municipal bond securities	315,766	0	305,184	10,582
Corporate debt securities*3	957,449	5,128	834,130	118,191
CMBS and RMBS in the Americas	105,432	0	105,432	0
Other asset-backed securities and debt securities	173,884	0	26,656	147,228
Equity securities*4*5	501,246	150,194	120,456	230,596
Derivative assets:	154,513	676	145,850	7,987
Interest rate swap agreements	26,358	0	26,358	0
Options held/written and other	17,402	16	9,399	7,987
Futures, foreign exchange contracts	69,663	660	69,003	0
Foreign currency swap agreements	41,090	0	41,090	0
Netting*6	(80,880)	—	—	—
Net derivative assets	73,633	—	—	—
Other assets:	1,163	0	0	1,163
Reinsurance recoverables*7	1,163	0	0	1,163
Total	¥3,261,358	¥ 158,148	¥2,551,779	¥551,431
Liabilities:				
Derivative liabilities:	¥ 118,061	¥ 148	¥ 117,356	¥ 557
Interest rate swap agreements	2,289	0	2,289	0
Options held/written and other	21,543	16	20,970	557
Futures, foreign exchange contracts	94,194	132	94,062	0
Foreign currency swap agreements	12	0	12	0
Credit derivatives written	23	0	23	0
Netting*6	(51,256)	—	—	—
Net derivative Liabilities	66,805	—	—	—
Policy Liabilities and Policy Account Balances:	138,027	0	0	138,027
Variable annuity and variable life insurance contracts*8	138,027	0	0	138,027
Accounts Payable	15,683	0	0	15,683
Contingent Consideration	15,683	0	0	15,683
Total	¥ 271,771	¥ 148	¥ 117,356	¥154,267

*1 A certain subsidiary elected the fair value option on certain loans held for sale. These loans are multi-family and seniors housing loans and are sold to Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") and institutional investors. Included in "Other (income)

and expense" in the consolidated statements of income were a gain of ¥428 million, losses of ¥1,052 million and ¥4,142 million from the change in the fair value of the loans for fiscal 2024, 2025 and 2026, respectively. No gains or losses were recognized in earnings during fiscal 2024, 2025 and 2026 attributable to changes in instrument-specific credit risk. The amounts of aggregate unpaid principal balance and aggregate fair value of the loans held for sale as of March 31, 2025, were ¥98,135 million and ¥97,694 million, respectively, and the amount of the aggregate fair value was less than the amount of aggregate unpaid principal balance by ¥441 million. The amounts of aggregate unpaid principal balance and aggregate fair value of the loans held for sale as of March 31, 2026, were ¥79,364 million and ¥78,020 million, respectively, and the amount of the aggregate fair value was less than the amount of aggregate unpaid principal balance by ¥1,344 million. The amounts of aggregate unpaid principal balance and aggregate fair value of loans that are 90 days or more past due or, in non-accrual status as of March 31, 2025, were ¥17,098 million and ¥16,346 million, respectively, and the amount of the aggregate fair value was less than the amount of aggregate unpaid principal balance by ¥752 million. The amounts of aggregate unpaid principal balance and aggregate fair value of loans that are 90 days or more past due or, in non-accrual status as of March 31, 2026, were ¥9,858 million and ¥8,657 million, respectively, and the amount of the aggregate fair value was less than the amount of aggregate unpaid principal balance by ¥1,201 million.

*2 A certain subsidiary elected the fair value option for investments in foreign government bond securities included in available-for-sale debt securities. Included in "Gains on investment securities and dividends" in the consolidated statements of income were losses of ¥6 million, ¥59 million and a gain of ¥137 million from the change in the fair value of those investments for fiscal 2024, 2025 and 2026, respectively. The amount of aggregate fair value elected the fair value option were ¥5,379 million and ¥3,024 million as of March 31, 2025 and 2026, respectively.

*3 A certain subsidiary elected the fair value option for investments in foreign corporate debt securities included in available-for-sale debt securities. Included in "Gains on investment securities and dividends" in the consolidated statements of income were gains of ¥399 million, ¥441 million and ¥362 million from the change in the fair value of those investments for fiscal 2024, 2025 and 2026, respectively. The amounts of aggregate fair value elected the fair value option were ¥10,679 million and ¥11,927 million as of March 31, 2025 and 2026, respectively.

*4 Certain subsidiaries elected the fair value option for certain investments in investment funds included in equity securities. Included in "Gains on investment securities and dividends" and "Life insurance premiums and related investment income" in the consolidated statements of income were gains of ¥3,269 million, ¥1,954 million and ¥1,038 million from the change in the fair value of those investments for fiscal 2024, 2025 and 2026, respectively. The amounts of aggregate fair value elected the fair value option were ¥24,960 million and ¥24,845 million as of March 31, 2025 and 2026, respectively.

*5 The amounts of investment funds measured at net asset value per share which are not included in the above tables were ¥118,666 million and ¥168,854 million as of March 31, 2025 and 2026, respectively.

*6 It represents the amount offset under counterparty netting of derivative assets and liabilities.

*7 Certain subsidiaries elected the fair value option for certain reinsurance contracts held. The fair value of the reinsurance contracts elected for the fair value option in other assets were ¥2,586 million and ¥1,163 million as of March 31, 2025 and 2026, respectively. For the effect of changes in the fair value of those reinsurance contracts on earnings for fiscal 2024, 2025 and 2026, see Note 23 "Income and Expenses Relating to Life Insurance Operations."

*8 Certain subsidiaries elected the fair value option for the entire variable annuity and variable life insurance contracts held. The fair value of the variable annuity and variable life insurance contracts elected for the fair value option in policy liabilities and policy account balances were ¥136,257 million and ¥138,027 million as of March 31, 2025 and 2026, respectively. For the effect of changes in the fair value of the variable annuity and variable life insurance contracts on earnings for fiscal 2024, 2025 and 2026, see Note 23 "Income and Expenses Relating to Life Insurance Operations."

The following tables present the reconciliation of financial assets and liabilities (net) measured at fair value on a recurring basis using significant unobservable inputs (Level 3) in fiscal 2024, 2025 and 2026:

2024

	Millions of yen										
		Gains or losses (realized/unrealized)									
	Balance at April 1, 2023	Included in earnings*1	Included in other comprehensive income*2	Total	Purchases*3	Sales	Settlements*4	Transfers in and/ or out of Level 3 (net)	Balance at March 31, 2024	Change in unrealized gains or losses included in earnings for assets and liabilities still held at March 31, 2024*1	Change in unrealized gains or losses included in other comprehensive income for assets and liabilities still held at March 31, 2024*2
Loans held for sale	¥173,849	¥ 566	¥18,937	¥ 19,503	¥ 4,467	¥(66,078)	¥(35,175)	¥ 0	¥ 96,566	¥ 0	¥18,937
Available-for-sale debt securities	243,602	13,906	17,117	31,023	68,295	(15,041)	(15,400)	6,818	319,297	12,918	18,018
Japanese prefectural and foreign municipal bond securities	3,331	(75)	866	791	0	0	(18)	6,818	10,922	(75)	809
Corporate debt securities	4,737	974	1	975	14	0	(140)	0	5,586	608	1
CMBS and RMBS in the Americas	0	0	286	286	6,879	0	0	0	7,165	0	282
Other asset-backed securities and debt securities	235,534	13,007	15,964	28,971	61,402	(15,041)	(15,242)	0	295,624	12,385	16,926
Equity securities	143,074	(841)	18,617	17,776	4,675	(495)	(2,173)	0	162,857	(1,097)	18,617
Investment funds	143,074	(841)	18,617	17,776	4,675	(495)	(2,173)	0	162,857	(1,097)	18,617
Derivative assets and liabilities (net)	(7,824)	10,595	(487)	10,108	0	0	0	0	2,284	10,595	(487)
Options held/written and other	(7,824)	10,595	(487)	10,108	0	0	0	0	2,284	10,595	(487)
Other asset	4,676	(2,711)	0	(2,711)	971	0	(150)	0	2,786	(2,711)	0
Reinsurance recoverables*5	4,676	(2,711)	0	(2,711)	971	0	(150)	0	2,786	(2,711)	0
Policy Liabilities and Policy Account Balances	163,734	(30,205)	(265)	(30,470)	0	0	(26,997)	0	167,207	(30,205)	(265)
Variable annuity and variable life insurance contracts*6	163,734	(30,205)	(265)	(30,470)	0	0	(26,997)	0	167,207	(30,205)	(265)
Accounts Payable:	12,576	(47)	(1,513)	(1,560)	0	0	0	0	14,136	(47)	(1,513)
Contingent Consideration	12,576	(47)	(1,513)	(1,560)	0	0	0	0	14,136	(47)	(1,513)

2025

	Millions of yen										
		Gains or losses (realized/unrealized)									
	Balance at April 1, 2024	Included in earnings*1	Included in other comprehensive income*2	Total	Purchases*3	Sales	Settlements*4	Transfers in and/ or out of Level 3 (net)	Balance at March 31, 2025	Change in unrealized gains or losses included in earnings for assets and liabilities still held at March 31, 2025*1	Change in unrealized gains or losses included in other comprehensive income for assets and liabilities still held at March 31, 2025*2
Loans held for sale	¥ 96,566	¥(1,778)	¥ (543)	¥ (2,321)	¥ 633	¥ 0	¥ (27,084)	¥0	¥ 67,794	¥ (708)	¥ (543)
Available-for-sale debt securities	319,297	1,336	(1,437)	(101)	99,785	(56,749)	(144,578)	0	217,654	370	(463)
Japanese prefectural and foreign municipal bond securities	10,922	(107)	82	(25)	0	0	(19)	0	10,878	(107)	82
Corporate debt securities	5,586	235	(17)	218	300	(1,712)	(140)	0	4,252	(73)	(17)
CMBS and RMBS in the Americas	7,165	0	(83)	(83)	0	0	0	0	7,082	0	(83)
Other asset-backed securities and debt securities	295,624	1,208	(1,419)	(211)	99,485	(55,037)	(144,419)	0	195,442	550	(445)
Equity securities	162,857	(8,129)	(2,089)	(10,218)	20,113	(656)	(9,886)	0	162,210	(8,163)	(2,099)
Investment funds and other	162,857	(8,129)	(2,089)	(10,218)	20,113	(656)	(9,886)	0	162,210	(8,163)	(2,099)
Derivative assets and liabilities (net)	2,284	5,480	401	5,881	0	0	0	0	8,165	5,480	401
Options held/written and other	2,284	5,480	401	5,881	0	0	0	0	8,165	5,480	401
Other asset	2,786	(1,027)	0	(1,027)	916	0	(89)	0	2,586	(1,027)	0
Reinsurance recoverables*5	2,786	(1,027)	0	(1,027)	916	0	(89)	0	2,586	(1,027)	0
Policy Liabilities and Policy Account Balances	167,207	7,292	(48)	7,244	0	0	(23,706)	0	136,257	7,292	(48)
Variable annuity and variable life insurance contracts*6	167,207	7,292	(48)	7,244	0	0	(23,706)	0	136,257	7,292	(48)
Accounts Payable:	14,136	(1,235)	112	(1,123)	0	0	0	0	15,259	(1,235)	112
Contingent Consideration	14,136	(1,235)	112	(1,123)	0	0	0	0	15,259	(1,235)	112

2026

	Millions of yen										
		Gains or losses (realized/unrealized)									
	Balance at April 1, 2025	Included in earnings*1	Included in other comprehensive income*2	Total	Purchases*3	Sales	Settlements*4	Transfers in and/ or out of Level 3 (net)	Balance at March 31, 2026	Change in unrealized gains or losses included in earnings for assets and liabilities still held at March 31, 2026*1	Change in unrealized gains or losses included in other comprehensive income for assets and liabilities still held at March 31, 2026*2
Loans held for sale	¥ 67,794	¥ (3,453)	¥ 2,679	¥ (774)	¥ 77	¥ (714)	¥(30,699)	¥0	¥ 35,684	¥ (1,221)	¥ 2,679
Available-for-sale debt securities	217,654	22,401	(10,253)	12,148	138,155	(1,335)	(90,621)	0	276,001	21,907	(8,224)
Japanese prefectural and foreign municipal bond securities	10,878	(198)	618	420	0	0	(716)	0	10,582	6	618
Corporate debt securities	4,252	20,968	(12,004)	8,964	107,208	0	(2,233)	0	118,191	20,968	(12,004)
CMBS and RMBS in the Americas	7,082	0	59	59	0	0	(7,141)	0	0	0	0
Other asset-backed securities and debt securities	195,442	1,631	1,074	2,705	30,947	(1,335)	(80,531)	0	147,228	933	3,162
Equity securities	162,210	85,324	12,598	97,922	19,731	(44,110)	(5,157)	0	230,596	85,082	12,579
Investment funds	162,210	85,324	12,598	97,922	19,731	(44,110)	(5,157)	0	230,596	85,082	12,579
Derivative assets and liabilities (net)	8,165	(1,223)	488	(735)	0	0	0	0	7,430	(1,223)	488
Options held/written and other	8,165	(1,223)	488	(735)	0	0	0	0	7,430	(1,223)	488
Other asset	2,586	(2,167)	0	(2,167)	836	0	(92)	0	1,163	(2,167)	0
Reinsurance recoverables*5	2,586	(2,167)	0	(2,167)	836	0	(92)	0	1,163	(2,167)	0
Policy Liabilities and Policy Account Balances	136,257	(25,594)	271	(25,323)	0	0	(23,553)	0	138,027	(25,594)	271
Variable annuity and variable life insurance contracts*6	136,257	(25,594)	271	(25,323)	0	0	(23,553)	0	138,027	(25,594)	271
Accounts Payable:	15,259	3,029	(1,978)	1,051	1,475	0	0	0	15,683	3,029	(1,978)
Contingent Consideration	15,259	3,029	(1,978)	1,051	1,475	0	0	0	15,683	3,029	(1,978)

*1 Principally, gains and losses from available-for-sale debt securities are included in "Finance revenues (including interest under the amortized cost method and principal plus interest)", "Gains on investment securities and dividends", "Write-downs of securities" or "Life insurance premiums and related investment income"; equity securities are included in "Gains on investment securities and dividends" and "Life insurance premiums and related investment income" and loans held for sale, derivative assets and liabilities (net), and accounts payable are included in "Other (income) and expense" respectively.

*2 Unrealized gains and losses from loans held for sale are included in "Net change of foreign currency translation adjustments", unrealized gains and losses from available-for-sale debt securities are included in "Net change of unrealized gains (losses) on investment in securities" and "Net change of foreign currency translation adjustments", unrealized gains and losses from equity securities and derivative assets and liabilities (net) are included mainly in "Net change of foreign currency translation adjustments", unrealized gains and losses from policy liabilities and policy account balances are included in "Net change of debt valuation adjustments.", unrealized gains and losses from accounts payable are included in "Net change of foreign currency translation adjustments".

*3 Increases resulting from an acquisition of a subsidiary and insurance contracts ceded to reinsurance companies are included.

*4 Decreases resulting from the receipts of reimbursements for benefits, and decreases resulting from insurance payouts to variable annuity and variable life policyholders due to death, surrender and maturity of the investment period are included.

*5 "Included in earnings" in the above table includes changes in the fair value of reinsurance contracts recorded in "Life insurance costs" and reinsurance premiums, net of reinsurance benefits received, recorded in "Life insurance premiums and related investment income."

*6 "Included in earnings" in the above table is recorded in "Life insurance costs" and includes changes in the fair value of policy liabilities and policy account balances resulting from gains or losses on the underlying investment assets managed on behalf of variable annuity and variable life policyholders, and the changes in the minimum guarantee risks relating to variable annuity and variable life insurance contracts as well as insurance costs recognized for insurance and annuity payouts as a result of insured events. For the information about policy account balances for variable annuity and variable life insurance contracts and market risk benefits as of and for the fiscal year ended March 31, 2025 and 2026, see Note 24 "Long-Duration Insurance Contracts Relating to Life Insurance Operations."

In fiscal 2024, foreign municipal bond securities totaling ¥6,818 million were transferred from Level 2 to Level 3, since the inputs became unobservable.

In fiscal 2025 and 2026, there were no transfers in or out of Level 3.

The following tables present recorded amounts of assets measured at fair value on a nonrecurring basis during fiscal 2025 and 2026. These assets are measured at fair value on a nonrecurring basis mainly to recognize impairment:

2025

	Millions of yen			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Real estate collateral-dependent loans (net of allowance for credit losses)	¥ 5,881	¥ 0	¥ 0	¥ 5,881
Investment in operating leases, property under facility operations and office facilities	8,105	0	0	8,105
Equity securities	15,193	0	15,193	0
Equity method investments	20,619	0	0	20,619
	¥49,798	¥ 0	¥15,193	¥34,605

2026

	Millions of yen			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Loans held for sale	¥ 838	¥ 0	¥ 0	¥ 838
Real estate collateral-dependent loans (net of allowance for credit losses)	12,646	0	0	12,646
Investment in operating leases, property under facility operations and office facilities	11,907	0	66	11,841
Land and buildings undeveloped or under construction	2,203	0	0	2,203
Equity securities	42,417	0	42,417	0
Equity method investments	5,140	0	0	5,140
	¥75,151	¥ 0	¥42,483	¥32,668

The following is a description of the main valuation methodologies used for assets and liabilities measured at fair value.

Loans held for sale

Certain loans, which the Company and its subsidiaries have the intent and ability to sell to outside parties in the foreseeable future, are considered held-for-sale. The loans held for sale in the Americas are classified as Level 2, if the Company and its subsidiaries measure their fair value based on a market approach using inputs other than quoted prices that are observable for the assets such as treasury rate, swap rate and market spread. The loans held for sale in the Americas are classified as Level 3, if the Company and its subsidiaries measure their fair value based on discounted cash flow methodologies using inputs that are unobservable in the market.

Real estate collateral-dependent loans

The allowance for credit losses for large balance non-homogeneous loans is individually evaluated based on the present value of expected future cash flows, the loan's observable market price or the fair value of the collateral securing the loans if the loans are collateral-dependent. According to ASC 820 ("Fair Value Measurement"), measurement for loans with deterioration in credit quality determined using a present value technique is not considered a fair value measurement. However, measurement for loans with deterioration in credit quality determined using the loan's observable market price or the fair value of the collateral securing the collateral-dependent loans are fair value measurements and are subject to the disclosure requirements for nonrecurring fair value measurements.

The Company and its subsidiaries determine the fair value of the real estate collateral of real estate collateral-dependent loans using appraisals prepared by independent third party appraisers or our own staff of qualified appraisers based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flows methodologies using future cash flows estimated to be generated from operation of the existing assets or completion of development projects, as appropriate. The Company and its subsidiaries generally obtain a new appraisal once a fiscal year. In addition, the Company and its subsidiaries periodically monitor circumstances of the real estate collateral and then obtain a new appraisal in situations involving a

significant change in economic and/or physical conditions, which may materially affect the fair value of the collateral. Real estate collateral-dependent loans whose fair values are estimated using appraisals of the underlying collateral based on these valuation techniques are classified as Level 3 because such appraisals involve unobservable inputs. These unobservable inputs contain discount rates and cap rates as well as future cash flows estimated to be generated from real estate collateral. An increase (decrease) in the discount rate or cap rate and a decrease (increase) in the estimated future cash flows would result in a decrease (increase) in the fair value of real estate collateral-dependent loans.

Real estate collateral-dependent loans owned by a certain subsidiary are classified as Level 2, because fair value measurement is based on observable market prices.

Investment in operating leases, property under facility operations, office facilities and other assets, and land and buildings undeveloped or under construction

Investment in operating leases measured at fair value is mostly real estate. The Company and its subsidiaries determine the fair value of investment in operating leases, property under facility operations, office facilities and other assets, and land and buildings undeveloped or under construction using appraisals prepared by independent third party appraisers or the Company's own staff of qualified appraisers, and others based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flow methodologies using future cash flows estimated to be generated from operation of the existing assets or completion of development projects, as appropriate. The Company and its subsidiaries classified these assets as Level 3 because such appraisals involve unobservable inputs. These unobservable inputs contain discount rates as well as future cash flows estimated to be generated from the assets or projects. An increase (decrease) in the discount rate and a decrease (increase) in the estimated future cash flows would result in a decrease (increase) in the fair value of investment in operating leases and property under facility operations and land and buildings undeveloped or under construction.

Movable properties owned by a certain subsidiary are classified as Level 2, because fair value measurement is based on observable inputs other than quoted prices included within Level 1, such as prices for similar assets.

Trading debt securities and available-for-sale debt securities

If active market prices are available, fair value measurement is based on quoted active market prices and, accordingly, these securities are classified as Level 1. If active market prices are not available, fair value measurement is based on observable inputs other than quoted prices included within Level 1, such as prices for similar assets and accordingly these securities are classified as Level 2. If market prices are not available and there are no observable inputs, then fair value is estimated by using valuation models such as discounted cash flow methodologies, appraisals, or broker quotes. Such securities are classified as Level 3, as the valuation models, appraisals, or broker quotes are based on inputs that are unobservable in the market. If fair value is based on broker quotes, the Company and its subsidiaries check the validity of received prices based on comparison to prices of other similar assets and market data such as relevant benchmark indices.

The Company and its subsidiaries classified corporate debt securities, CMBS and RMBS in the Americas and other asset-backed securities and debt securities as Level 2 if the inputs such as trading price and/or bid price are observable. The Company and its subsidiaries classified CMBS and RMBS in the Americas and other asset-backed securities and debt securities as Level 3 if the Company and subsidiaries evaluate the fair value based on the unobservable inputs. In determining whether the inputs are observable or unobservable, the Company and its subsidiaries evaluate various factors such as the lack of recent transactions, price quotations that are not based on

current information or vary substantially over time or among market makers, a significant increase in implied risk premium, a wide bid-ask spread, significant decline in new issuances, little or no public information (e.g. a principal-to-principal market) and other factors.

The corporate debt securities include a foreign convertible bond issued by AM Green (Luxembourg) S.à.r.l and received in conjunction with the partial sale of shares in Greenko Energy Holdings. It is measured at fair value using discounted cash flow methodology to estimate the equity value as of the transaction date, then, using a pricing model based on the Monte Carlo simulation to estimate the bond's future conversion value and discounting it to the present value, which is classified as Level 3 because such appraisals involve unobservable inputs in the market. The fair value measurement uses discount rates and projected cash flows based on the business plan including future sales prices and sales volumes of green ammonia for the discounted cash flow methodology, and uses discount rate and equity volatility for the pricing model based on the Monte Carlo simulation. Discount rates, equity volatility, and projected cash flows based on the business plan are unobservable inputs. An increase (decrease) in the discount rate and equity volatility and a decrease (increase) in projected cash flows based on the business plan would result in a decrease (increase) in the fair value of corporate debt securities.

With respect to certain CMBS and RMBS in the Americas and other asset-backed securities and debt securities, the Company and its subsidiaries classified these securities that were measured at fair value based on the observable inputs such as trading price and/or bid price as Level 2. But for those securities that lacked observable trades because they are older vintage or below investment grade securities, the Company and its subsidiaries limit the reliance on independent pricing service vendors and brokers. As a result, the Company and its subsidiaries established internally developed pricing models using valuation techniques such as discounted cash flow model using Level 3 inputs in order to estimate fair value of these debt securities and classified them as Level 3. Under the models, the Company and its subsidiaries use anticipated cash flows of the security discounted at a risk-adjusted discount rate that incorporates our estimate of credit risk and liquidity risk that a market participant would consider. The cash flows are estimated based on a number of assumptions such as default rate and prepayment speed, as well as seniority of the security. An increase (decrease) in the discount rate or default rate would result in a decrease (increase) in the fair value of CMBS and RMBS in the Americas and other asset-backed securities and debt securities.

Equity securities and equity method investments

If active market prices are available, fair value measurement is based on quoted active market prices and, accordingly, these securities are classified as Level 1. If active market prices are not available, fair value measurement is based on observable inputs other than quoted prices included within Level 1, such as prices for similar assets and accordingly these securities are classified as Level 2. In addition, a certain Americas subsidiary measures its investments held by investment companies which are owned by the subsidiary at fair value. These investment funds, certain equity securities and certain equity method investments are classified as Level 3, because fair value measurement is based on discounted cash flow methodologies, market multiple valuation methods, appraisals, or broker quotes. Discounted cash flow methodologies use future cash flows to be generated from investees, weighted average cost of capital (WACC) and others. Market multiple valuation methods use earnings before interest, taxes, depreciation and amortization (EBITDA) multiples based on actual and projected cash flows, comparable peer companies, and comparable precedent transactions and others. Furthermore, certain subsidiaries elected the fair value option for investments in some funds. These investment funds for which the fair value option is elected are classified as Level 3, because the subsidiaries measure their fair value using discounted cash flow methodologies, discounting to net asset value based on inputs that are unobservable in the market, appraisals, or broker quotes.

Derivatives

For exchange-traded derivatives, fair value is based on quoted market prices and is accordingly classified as Level 1. For non-exchange traded derivatives, fair value is based on commonly used models and discounted cash flow methodologies. If the inputs used for these measurements including yield curves and volatilities, are observable, the Company and its subsidiaries classify it as Level 2. If the inputs are not observable, the Company and its subsidiaries classify it as Level 3. These unobservable inputs contain discount rates. An increase (decrease) in the discount rate would result in a decrease (increase) in the fair value of derivatives.

Reinsurance recoverables

Certain subsidiaries have elected the fair value option for certain reinsurance contracts related to variable annuity and variable life insurance contracts to partially offset the changes in fair value recognized in earnings of the policy liabilities and policy account balances attributable to the changes in the minimum guarantee risks of the variable annuity and variable life insurance contracts. These reinsurance contracts for which the fair value option is elected are classified as Level 3 because the subsidiaries measure their fair value using discounted cash flow methodologies based on inputs that are unobservable in the market.

Variable annuity and variable life insurance contracts

A certain subsidiary has elected the fair value option for the entire variable annuity and variable life insurance contracts held in order to match earnings recognized for changes in fair value of policy liabilities and policy account balances with the earnings recognized for gains or losses from the investment assets managed on behalf of variable annuity and variable life policyholders, derivative contracts and changes in fair value of reinsurance contracts. The changes in fair value of the variable annuity and variable life insurance contracts are linked to the fair value of the investment in securities managed on behalf of variable annuity and variable life policyholders. These securities consist mainly of equity securities traded in the market. In addition, variable annuity and variable life insurance contracts are exposed to the minimum guarantee risk, and the subsidiary adjusts the fair value of the underlying investments by incorporating changes in fair value of the minimum guarantee risk in the evaluation of the fair value of the entire variable annuity and variable life insurance contracts. The variable annuity and variable life insurance contracts for which the fair value option is elected are classified as Level 3 because the subsidiary measures the fair value using discounted cash flow methodologies based on inputs that are unobservable in the market.

Accounts payable (Contingent consideration)

A certain subsidiary records a part of consideration for acquiring noncontrolling interests of its subsidiary as accounts payable (contingent consideration), and it is classified as Level 3 because fair value measurement is based on discounted cash flow methodologies.

Information about Level 3 Fair Value Measurements

The following tables provide information about the valuation techniques and significant unobservable inputs used in the valuation of Level 3 assets and liabilities measured at fair value on a recurring basis as of March 31, 2025 and 2026.

	March 31, 2025			
	Millions of yen Fair value	Valuation technique(s)	Significant unobservable inputs	Range (Weighted average)
Assets:				
Loans held for sale	¥ 67,794	Discounted cash flows	Discount rate	7.0% – 12.1% (9.4%)
Available-for-sale debt securities:				
Japanese prefectural and foreign municipal bond securities	6,319	Discounted cash flows	Discount rate	5.8% – 9.8% (8.0%)
	4,559	Appraisals/Broker quotes	—	—
Corporate debt securities	302	Discounted cash flows	Discount rate	1.5% (1.5%)
	3,950	Appraisals/Broker quotes	—	—
CMBS and RMBS in the Americas	7,082	Appraisals/Broker quotes	—	—
Other asset-backed securities and debt securities	34,670	Discounted cash flows	Discount rate	0.4% – 51.2% (5.5%)
			Probability of default	0.2% (0.2%)
	160,772	Appraisals/Broker quotes	—	—
Equity securities:				
Investment funds and other	133,585	Discounted cash flows	WACC	13.3% – 23.7% (16.8%)
			EV/Terminal EBITDA multiple	4.2x-12.0x (8.8x)
		Market multiples	EV/Last twelve months EBITDA multiple	4.3x-9.5x (7.8x)
			EV/Forward EBITDA multiple	4.2x-9.0x (7.7x)
			EV/Precedent transaction last twelve months EBITDA multiple	4.3x-11.9x (8.7x)
	22,859	Appraisals/Broker quotes	—	—
	5,766	Discounted cash flows	Discount rate	11.5% – 12.0% (11.7%)
Derivative assets:				
Options held/written and other	8,297	Discounted cash flows	Discount rate	12.0% – 33.0% (14.7%)
	520	Appraisals/Broker quotes	—	—
Other assets:				
Reinsurance recoverables	2,586	Discounted cash flows	Discount rate	0.5% – 2.4% (1.3%)
			Mortality rate	0.0% – 100.0% (2.9%)
			Lapse rate	1.5% – 14.0% (4.7%)
			Annuitization rate (guaranteed minimum annuity benefit)	100.0% (100.0%)
Total	¥459,061			
Liabilities:				
Derivative liabilities:				
Options held/written and other	¥ 652	Discounted cash flows	Discount rate	12.0% – 33.0% (14.7%)
Policy liabilities and Policy Account Balances:				
Variable annuity and variable life insurance contracts	136,257	Discounted cash flows	Discount rate	0.5% – 2.4% (1.3%)
			Mortality rate	0.0% – 100.0% (2.3%)
			Lapse rate	1.5% – 30.0% (5.7%)
			Annuitization rate (guaranteed minimum annuity benefit)	0.0% – 100.0% (67.1%)
Accounts Payable:				
Contingent Consideration	15,259	Discounted cash flows	EV/Terminal EBITDA multiple	15.0x (15.0x)
Total	¥152,168			

	March 31, 2026			
	Millions of yen Fair value	Valuation technique(s)	Significant unobservable inputs	Range (Weighted average)
Assets:				
Loans held for sale	¥ 35,684	Discounted cash flows	Discount rate	6.1% – 9.9% (7.9%)
Available-for-sale debt securities:				
Japanese prefectural and foreign municipal bond securities	6,381	Discounted cash flows	Discount rate	3.6% – 9.8% (8.0%)
	4,201	Appraisals/Broker quotes	—	—
Corporate debt securities	115,931	Discounted cash flows	Discount rate	7.0% (7.0%)
			Equity Volatility	50.0% (50.0%)
	1,944	Appraisals/Broker quotes	—	—
	316	Discounted cash flows	Discount rate	2.4% (2.4%)
Other asset-backed securities and debt securities	42,120	Discounted cash flows	Discount rate	0.4% – 51.2% (5.4%)
			Probability of default	0.2% (0.2%)
	105,108	Appraisals/Broker quotes	—	—
Equity securities:				
Investment funds	203,796	Market multiples	EV/Last twelve months EBITDA multiple	3.4x-9.0x (7.7x)
			EV/Next twelve months EBITDA multiple	3.2x-8.0x (5.1x)
	22,000	Appraisals/Broker quotes	—	—
	4,800	Discounted cash flows	Discount rate	11.0% – 11.5% (11.2%)
Derivative assets:				
Options held/written and other	7,611	Discounted cash flows	Discount rate	12.0% – 33.0% (14.9%)
	376	Appraisals/Broker quotes	—	—
Other assets:				
Reinsurance recoverables	1,163	Discounted cash flows	Discount rate	1.1% – 3.5% (2.0%)
			Mortality rate	0.0% – 100.0% (2.8%)
			Lapse rate	1.5% – 14.0% (4.5%)
			Annuitization rate (guaranteed minimum annuity benefit)	100.0% (100.0%)
Total	¥551,431			
Liabilities:				
Derivative liabilities:				
Options held/written and other	¥ 557	Discounted cash flows	Discount rate	12.0% – 33.0% (14.9%)
Policy liabilities and Policy Account Balances:				
Variable annuity and variable life insurance contracts	138,027	Discounted cash flows	Discount rate	1.1% – 3.5% (2.0%)
			Mortality rate	0.0% – 100.0% (2.3%)
			Lapse rate	1.5% – 30.0% (5.6%)
			Annuitization rate (guaranteed minimum annuity benefit)	0.0% – 100.0% (64.4%)
Accounts Payable:				
Contingent Consideration	14,084	Discounted cash flows	EV/Terminal EBITDA multiple	15.0x (15.0x)
	1,599	Discounted cash flows	Discount rate	4.8% – 5.0% (4.9%)
			EBTDA Volatility	35.0% (35.0%)
Total	¥154,267			

The following tables provide information about the valuation techniques and significant unobservable inputs used in the valuation of Level 3 assets measured at fair value on a nonrecurring basis during fiscal 2025 and 2026.

	2025			
	Millions of yen Fair value	Valuation technique(s)	Significant unobservable inputs	Range (Weighted average)
Assets:				
Real estate collateral-dependent loans (net of allowance for credit losses)	¥ 1,064	Direct capitalization	Capitalization rate	4.4% – 5.2% (4.7%)
	4,817	Appraisals/Broker quotes	—	—
Investment in operating leases, property under facility operations and office facilities	3,314	Discounted cash flows	Discount rate	6.1% (6.1%)
	4,791	Appraisals/Broker quotes	—	—
Equity method investments	20,619	Appraisals/Broker quotes	—	—
	¥34,605			

	2026			
	Millions of yen Fair value	Valuation technique(s)	Significant unobservable inputs	Range (Weighted average)
Assets:				
Loans held for sale	¥ 838	Appraisals/Broker quotes	—	—
Real estate collateral-dependent loans (net of allowance for credit losses)	1,093	Direct capitalization	Capitalization rate	4.8% – 6.2% (5.2%)
	11,553	Appraisals/Broker quotes	—	—
Investment in operating leases, property under facility operations and office facilities	6,283	Discounted cash flows	Discount rate	0.0% – 5.3% (5.2%)
	5,558	Appraisals/Broker quotes	—	—
Land and buildings undeveloped or under construction	2,203	Discounted cash flows	Discount rate	3.9% (3.9%)
Equity method investments	844	Direct capitalization	Capitalization rate	7.5% (7.5%)
	2,681	Market multiples	EV/EBITDA multiple	6.8x – 7.8x (6.9x)
	1,615	Appraisals/Broker quotes	—	—
	¥32,668			

The Company and its subsidiaries generally use discounted cash flow methodologies or similar internally developed models to determine the fair value of Level 3 assets and liabilities. Use of these techniques requires determination of relevant inputs and assumptions, some of which represent significant unobservable inputs as indicated in the preceding table. Accordingly, changes in these unobservable inputs may have a significant impact on the fair value.

Certain of these unobservable inputs will have a directionally consistent impact on the fair value of the asset or liability for a given change in that input. Alternatively, the fair value of the asset or liability may move in an opposite direction for a given change in another input. Where multiple inputs are used within the valuation technique of an asset or liability, a change in one input in a certain direction may be offset by an opposite change in another input having a potentially muted impact to the overall fair value of that particular asset or liability.

Additionally, a change in one unobservable input may result in a change to another unobservable input (that is, changes in certain inputs are interrelated to one another), which may counteract or magnify the fair value impact.

Unobservable inputs are weighted by the relative fair value of the asset or liability.

For more analysis of the uncertainty of each input, see the description of the main valuation methodologies used for assets and liabilities measured at fair value.

3. Acquisitions and Divestitures

(1) Acquisitions

During fiscal 2024, the Company and its subsidiaries acquired entities for a total cost of the acquisition consideration of ¥11,894 million, which was paid mainly in cash. Goodwill initially recognized in these transactions amounted to ¥4,241 million and the goodwill is not deductible for income tax purposes. The amount of acquired intangible assets other than goodwill recognized in these transactions was ¥7,049 million. The acquisitions were mainly included in PE Investment and Concession segment.

During fiscal 2025, the Company and its subsidiaries acquired entities for a total cost of the acquisition consideration of ¥33,041 million, which was paid mainly in cash. Goodwill initially recognized in these transactions amounted to ¥9,081 million and the goodwill is not deductible for income tax purposes. The amount of acquired intangible assets other than goodwill recognized in these transactions was ¥21,684 million. The acquisitions were mainly included in PE Investment and Concession segment.

During fiscal 2026, the Company and its subsidiaries acquired entities for a total cost of the acquisition consideration of ¥165,859 million, which was paid mainly in cash. Goodwill initially recognized in these transactions amounted to ¥150,974 million and the goodwill is not deductible for income tax purposes. The amount of acquired intangible assets other than goodwill recognized in these transactions was ¥35,014 million. The Company reflected certain preliminary estimates with respect to the fair value of certain components of the underlying net assets of these entities in determining amounts of the goodwill. The acquisitions were mainly included in ORIX USA segment. The amount of the goodwill and intangible assets could possibly be adjusted because for certain of these acquisitions, the purchase price allocations have not been completed yet with respect to the final valuation of acquired intangible assets among others.

The Company did not recognize any bargain purchase gain during fiscal 2024 and 2026. As a result of the assessment of the purchase price allocation, the Company recognized a bargain purchase gain of ¥3,750 million during fiscal 2025 associated with one of its acquisitions during fiscal 2025, due to the fair value of the net assets, which is the difference between the assets acquired and the liabilities assumed, exceeding the fair value of consideration transferred. The bargain purchase gain was included in Asia and Australia segment.

The segment in which goodwill is allocated is disclosed in Note 13 “Goodwill and Other Intangible Assets.”

(2) Divestitures

Gains on sales of subsidiaries and equity method investments and liquidation losses, net for fiscal 2024, 2025 and 2026 amounted to ¥72,488 million, ¥87,705 million and ¥111,311 million, respectively. Gains (losses) on sales of subsidiaries and equity method investments and liquidation losses, net for fiscal 2024 mainly

consisted of ¥19,822 million in PE Investment and Concession segment, ¥(5,557) million in Environment and Energy segment, ¥57,470 million in Banking and Credit segment, ¥(1,978) million in ORIX USA segment and ¥2,502 million in ORIX Europe segment. Gains (losses) on sales of subsidiaries and equity method investments and liquidation losses, net for fiscal 2025 mainly consisted of ¥7,294 million in Corporate Financial Services and Maintenance Leasing segment, ¥350 million in Real Estate segment, ¥44,503 million in PE Investment and Concession segment, ¥6,365 million in Environment and Energy segment, ¥478 million in Aircraft and Ships segment, ¥29,224 million in ORIX USA segment, ¥(624) million in ORIX Europe segment and ¥115 million in Asia and Australia segment. Gains (losses) on sales of subsidiaries and equity method investments and liquidation losses, net for fiscal 2026 mainly consisted of ¥6,918 million in Corporate Financial Services and Maintenance Leasing segment, ¥86,645 million in Environment and Energy segment, ¥408 million in Aircraft and Ships segment, ¥3,164 million in ORIX USA segment, ¥8,762 million in ORIX Europe segment and ¥5,412 million in Asia and Australia segment.

During fiscal 2024, the Company sold 66% of the common shares of a consolidated subsidiary, ORIX Credit Corporation (hereinafter, "ORIX Credit", which changed its name to DOCOMO Finance, Inc on April 1, 2025) to a third-party. The Company retains a 34% interest in ORIX Credit, which became an equity method investment from fiscal 2024. The sale of the controlling interest resulted in a gain of ¥37,930 million, and the remeasurement of the retained interest at its fair value resulted in a gain of ¥19,540 million, both of which were included in earnings as gains on sales of subsidiaries and equity method investment and liquidation losses, net during fiscal 2024. The fair value of the retained interest was remeasured using the stock value based on the sale proceeds. During fiscal 2025 and 2026, the Company did not have any significant business divestitures.

4. Revenues from Contracts with Customers

The following table provides information about revenues from contracts with customers, and other sources of revenue in fiscal 2024, 2025 and 2026.

	Millions of yen		
	2024	2025	2026
Goods or services category			
Sales of goods	¥ 266,390	¥ 269,050	¥ 320,653
Real estate sales	107,524	104,105	121,933
Asset management and servicing	244,508	275,929	297,626
Automobile related services	88,325	87,173	93,011
Facilities operation	76,087	83,559	102,956
Environment and energy services	158,075	175,651	169,047
Real estate management and brokerage	99,843	102,369	107,010
Real estate contract work	152,022	162,921	164,262
Other	107,191	91,506	127,531
Total revenues from contracts with customers	1,299,965	1,352,263	1,504,029
Other revenues *	38,959	40,175	50,940
Total sales of goods and real estate and services income	¥1,338,924	¥1,392,438	¥1,554,969

* Other revenues are not in the scope of revenue from contracts with customers.

The following table provides information about costs of goods sold and real estate sold and services expense in fiscal 2024, 2025 and 2026.

	Millions of yen		
	2024	2025	2026
Goods or services category			
Costs of goods sold	¥ 179,799	¥ 184,674	¥ 226,368
Costs of real estate sold	88,828	87,159	105,620
Asset management and servicing	58,376	69,377	74,079
Automobile related services	56,880	56,832	63,957
Facilities operation	65,979	69,926	88,275
Environment and energy services	109,923	136,426	131,409
Real estate management and brokerage	88,973	93,296	96,104
Real estate contract work	132,656	139,430	137,337
Other	47,314	38,858	43,168
Total expenses of costs of goods and real estate sold and services expenses	¥ 828,728	¥ 875,978	¥ 966,317

The Company and its subsidiaries recognize revenues when control of the promised goods or services is transferred to our customers, in the amounts that reflect the consideration we expect to receive in exchange for those goods or services. Revenues are recognized net of discounts, incentives and estimated sales returns. Amount to be collected for third party is deducted from revenues. The Company and its subsidiaries evaluate whether we are principal or agent on distinctive goods or services. When a revenue transaction involves a third party, if the Company and its subsidiaries control the goods or services before they are transferred to customers, revenue is recognized on gross amount as the principal. There is no significant variability in considerations included in revenues, except for the performance fees regarding asset management business hereinafter, and there is no significant financing component in considerations on transactions.

For further information about breakdowns of revenues disaggregated by goods or services category and geographical location by segment, see Note 32 “Segment Information.”

Revenue recognition criteria on each goods or services category are mainly as follows:

Sales of goods

The Company and its subsidiaries sell various goods such as cosmetics, health foods, medical equipment and other to customers. Revenues from sales of goods are recognized when there is a transfer of control of the product to customers. The Company and its subsidiaries determine transfer of control based on when the products are shipped or delivered to customers, or inspected by customers.

Real estate sales

Certain subsidiaries are involved in condominium business. Revenues from sales of detached houses and residential condominiums are recognized when the real estate is delivered to customers.

Asset management and servicing

Certain subsidiaries offer customers investment management services for their financial assets, asset management as well as maintenance and administrative services for their real estate properties. Furthermore, the Company and its subsidiaries perform servicing on behalf of customers. Revenues from asset management and servicing primarily include management fees, servicing fees, and performance fees. Management and servicing fees are recognized over the contract period with customers, since the customers simultaneously receive and consume all of the benefits provided by the subsidiaries as the subsidiaries perform. Management fees are calculated based on the predetermined percentages of the market value of the assets under management or net assets of the investment funds in accordance with contract terms. Servicing fees are calculated based on the predetermined percentages of the amount in assets under management in accordance with contract terms. Fees based on the performance of the assets under management are recognized when the performance obligations are satisfied, to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The performance fee is estimated by using the most likely amount method, in accordance with contract terms. Servicing fees related to financial assets that the Company and its subsidiaries had originated and transferred to investors are not in the scope of revenue from contracts with customers. These fees are accounted for as servicing assets under which the benefits of servicing are expected to more than adequately compensate for performing the servicing, or servicing liabilities under which the benefits of servicing are not expected to adequately compensate for performing the servicing.

Automobile related services

Certain subsidiaries mainly provide automobile maintenance services to customers, as automobile related services. In the service, since customers simultaneously receive and consume all of the benefits provided by the subsidiaries as the subsidiaries perform, revenues are recognized over the contract period with customers. For measurement of progress, the cost incurred is used, because that reasonably describes transfer of control of services to customers. The subsidiaries receive payments from customers before satisfying performance obligations, and the amounts are reported in other liabilities on the consolidated balance sheets as contract liabilities.

Facilities operation

The Company and its subsidiaries are running hotels, Japanese inns, a multipurpose dome and other facilities. Revenues from these operations are recognized over the customers' usage period of the facilities, since customers simultaneously receive and consume all of the benefits provided by the Company and its subsidiaries as the Company and its subsidiaries perform. The value transferred to customers is directly measured based on the usage period. With respect to the operation of a multipurpose dome, a certain subsidiary receives payments from customers before satisfying performance obligations, and the amounts are reported in other liabilities on the consolidated balance sheets as contract liabilities. Gains on sale of property under facility operations included in services income are not within the scope of revenue from contracts with customers because these gains refer to transfers of non-financial assets to counterparties that are not considered to be our customers.

Environment and energy services

The Company and its subsidiaries offer services that provide electric power to business operators' factories, office buildings and other facilities. Revenues from electric power supply by purchasing electricity or running power plants are recognized over the contracted distribution period with customers, since customers simultaneously receive and consume all of the benefits provided by the Company and its subsidiaries as the

Company and its subsidiaries perform. The value transferred to customers is directly measured based on electricity usage by customers. Furthermore, certain subsidiaries are running waste processing facilities. Revenues from resources and waste processing business are primarily recognized over the service contract period with customers, since customers simultaneously receive and consume all of the benefits provided by the subsidiaries as the subsidiaries perform. The value transferred to customers is directly measured based on the amount of resources and waste to be processed.

Real estate management and brokerage

The Company and its subsidiaries mainly offer management of condominiums, office buildings, facilities, and others, to customers, as real estate management and brokerage business. For these services, customers simultaneously receive and consume all of the benefits provided by the Company and its subsidiaries as the Company and its subsidiaries perform. Therefore, based on progress measured over the contract period with customers, revenues are recognized by directly measuring the value of the services transferred to customers. The Company and its subsidiaries receive payments from customers before satisfying performance obligations, and the amounts are reported in other liabilities on the consolidated balance sheets as contract liabilities.

Real estate contract work

Certain subsidiaries offer repair and contract work for condominiums, office buildings, facilities, and others, to customers. The work is held on the real estate where customers own or rent, and the subsidiaries' performance creates the asset that the customers' control as the asset is created or enhanced. Additionally, the performance does not create an asset with an alternative use to the subsidiaries, and the subsidiaries have a substantial enforceable right to payment for performance completed to date so that revenues are recognized over the contract work period. For measurement of progress, the cost incurred is used, because that reasonably describes transfer of control of services to customers. The subsidiaries recognize a part of its performance obligations that it performs as contract assets, and the amounts are reported under other assets on the consolidated balance sheet. Furthermore, the subsidiaries receive payments from customers before satisfying performance obligations, and the amounts are reported in other liabilities on the consolidated balance sheets as contract liabilities.

Other

The Company and its subsidiaries have been developing a variety of businesses. Main revenue streams are as follows:

Maintenance services of software, measurement equipment and other:

Certain subsidiaries offer information systems hardware, software maintenance services and support, and maintenance of measurement equipment to customers. For these services, customers simultaneously receive and consume all of the benefits provided by the subsidiaries as the subsidiaries perform. Therefore, based on progress measured over the contract period with customers, revenues are recognized by directly measuring the value of the services transferred to customers. The subsidiaries receive payments from customers before satisfying performance obligations, and the amounts are reported in other liabilities on the consolidated balance sheets as contract liabilities.

Fee business:

The Company and its subsidiaries are involved in insurance policy referrals and other agency business. Furthermore, certain subsidiaries engage in asset securitization businesses. Commission revenues from insurance

policy referrals and other agency businesses are primarily recognized when the contract between our customers and their client is signed. Revenues from the asset securitization businesses consist primarily of advisory fees and performance fees. For advisory fee revenues, customers simultaneously receive and consume the benefits of the services as the performance obligations are fulfilled. Therefore, based on progress measured over the contract period with customers, revenues are recognized by directly measuring the value of the services transferred to customers. Performance fees are recognized when the performance obligations are satisfied, either upon the completion of the asset sale or upon the delivery of the final report to the customer, to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The performance fees are estimated by using the most likely amount method, in accordance with the contract terms. The subsidiaries receive payments from customers before satisfying performance obligations, and the amounts are reported in other liabilities on the consolidated balance sheet as contract liabilities.

The following table provides information about balances from contracts with customers as of March 31, 2025 and 2026.

	Millions of yen	
	March 31, 2025	March 31, 2026
Trade Notes, Accounts and Other Receivable	¥ 208,642	¥246,881
Contract assets (Included in Other Assets)	14,154	15,815
Contract liabilities (Included in Other Liabilities)	40,441	46,164

For fiscal 2025 and 2026, there were no significant changes in contract assets and contract liabilities.

For fiscal 2025 and 2026, revenue amounting to ¥25,338 million and ¥32,402 million were included in contract liabilities as of the beginning of each fiscal year, respectively.

As of March 31, 2026, transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is mainly related to automobile related services and real estate sales and amounted to ¥219,893 million. Remaining term for the obligations ranges up to 20 years. Furthermore, automobile related services primarily constitute the performance obligations that are unsatisfied (or partially unsatisfied) and will be recognized as revenue over the next 10 years. The Company and its subsidiaries applied practical expedients in the disclosure, and performance obligations for contracts that have an original expected duration of one year or less, contracts under which the value transferred to a customer is directly measured and recognized as revenue by the amount it has a right to invoice to the customer, sales- or usage-based royalty and directly allocable variable consideration to wholly unsatisfied performance obligation are not included. The transaction price allocated to unsatisfied performance obligations does not include the estimate of material variable consideration.

Variable consideration not included in the transaction price is mainly related to performance fees of asset management business.

As of March 31, 2025 and 2026, assets recognized from the costs to obtain or fulfill contracts with customers were not material.

5. Cash Flow Information

The following table provides information about Cash, Cash Equivalents and Restricted Cash which are included in the Company's consolidated balance sheets as of March 31, 2025 and 2026, respectively.

	Millions of yen	
	2025	2026
Cash and Cash Equivalents	¥1,206,573	¥1,334,945
Restricted Cash	115,410	116,154
Cash, Cash Equivalents and Restricted Cash	¥1,321,983	¥1,451,099

Cash payments during fiscal 2024, 2025 and 2026 are as follows:

	Millions of yen		
	2024	2025	2026
Cash payments:			
Interest	¥ 182,633	¥ 168,101	¥188,625
Income taxes, net *	3,507	113,122	—

* From fiscal 2026, cash payments for "income taxes, net" are disclosed in Note 16 of "Income Taxes", due to the adoption of Accounting Standards Update 2023-09.

The main non-cash activities in fiscal 2024, 2025 and 2026 are as follows.

In fiscal 2024, 2025 and 2026, real estate under operating leases of ¥9,442 million, ¥12,494 million and ¥16,903 million, respectively, were recognized with the corresponding amounts of installment loans being derecognized as a result of acquiring real estate collateral. In fiscal 2024 and 2025, other assets of ¥29 million and ¥2 million, respectively, were recognized with the corresponding amounts of installment loans being derecognized as a result of acquiring real estate collateral. In fiscal 2026, no other assets were recognized with the corresponding amounts of installment loans being derecognized as a result of acquiring real estate collateral. In fiscal 2024, 2025 and 2026, investment in securities of ¥3,452 million, ¥311 million and ¥1,129 million, were recognized with the corresponding amounts of installment loans being derecognized as a result of restructuring.

In fiscal 2024, assets and liabilities decreased by ¥1,777 million and ¥0 million in the Company's consolidated balance sheet due to deconsolidation of a subsidiary and certain VIEs which had been consolidated by certain subsidiaries. The derecognized assets mainly consist of investment in securities, and the derecognized liabilities mainly consist of other liabilities. In fiscal 2025, assets and liabilities decreased by ¥3,201 million and ¥1,051 million in the Company's consolidated balance sheet due to deconsolidation of a subsidiary and certain VIEs which had been consolidated by certain subsidiaries. The derecognized assets mainly consist of investment in securities, and the derecognized liabilities mainly consist of long-term debt. In fiscal 2026, assets and liabilities decreased by ¥1,255 million and ¥296 million in the Company's consolidated balance sheet due to deconsolidation of a subsidiary and certain VIEs which had been consolidated by certain subsidiaries. The derecognized assets mainly consist of investment in securities, and the derecognized liabilities mainly consist of other liabilities. In fiscal 2026, real estate under operating leases of ¥15,619 million were recognized with the corresponding amounts of installment loans being derecognized as a result of consolidation of certain VIEs at some subsidiaries. Recognition and derecognition of these assets and liabilities were not included in cash flows from investing activities or financing activities in the consolidated statements of cash flows because they did not involve cash transactions.

ROU assets obtained in exchange for lease liabilities were not included in cash flows from investing activities or financing activities because they did not involve cash transactions. For further information, see Note 6 "Leases."

In fiscal 2026, the convertible bonds with a carrying amount of ¥107,208 million received in conjunction with the partial sale of shares in equity method investments were not included in cash flows from investing activities in the consolidated statements of cash flows because they did not involve cash transactions.

6. Leases

(1) Lessor

Some of the contracts include options to extend or to terminate the lease. The Company and its subsidiaries determine the lease term while taking such periods covered by options into account when determined the lease term when it is reasonably certain that it will exercise these options. The majority of the lease contracts do not contain bargain purchase options for customers.

The estimated unguaranteed residual value represents estimated proceeds from the disposition of equipment at the time the lease is terminated. The estimated unguaranteed residual value is determined based on market value of used equipment, estimates of when and how much equipment will become obsolete, and actual recovery being experienced for similar used equipment. The Company and its subsidiaries may incur losses if the estimated residual amounts are unable to collect or need to recognize valuation losses when the estimates differ from actual trends in equipment valuation and the secondhand market. The risk of loss on leased assets relating to the estimated unguaranteed residual value of the leased assets is monitored through projections of the estimated unguaranteed residual value at lease origination and periodic review of estimated unguaranteed residual value.

When auto leases are bundled with maintenance contracts, considerations on contracts are allocated based upon the estimated standalone selling prices of the lease and non-lease components. Lease components generally include product and financing cost, and non-lease components generally consist of maintenance contracts.

A certain subsidiary is providing automobile related services, and applying practical expedients, to not separate non-lease components from the associated lease components. In this service, ASC 606 is applied to the entire contract because the consideration related to non-lease components accounts for the majority of contract consideration. Revenues from these operations are recognized over the customers' usage period of the services, since customers simultaneously receive and consume the benefits when the performance obligations are satisfied. The value transferred to customers is directly measured based on the usage period.

Lease income for fiscal 2024, 2025 and 2026 are as follows:

	Millions of yen		
	Fiscal Year ended March 31, 2024	Fiscal Year ended March 31, 2025	Fiscal Year ended March 31, 2026
Lease income – net investment in leases			
Interest income	¥ 87,189	¥ 92,327	¥ 96,118
Other	2,500	3,849	4,207
Lease income – operating leases *	535,490	624,444	641,185
Total lease income	¥625,179	¥720,620	¥741,510

* Gains from the disposition of real estate under operating leases included in operating lease revenues were ¥20,960 million, ¥31,965 million and ¥20,689 million, and gains from the disposition of operating lease assets other than real estate included in operating lease revenues were ¥32,481 million, ¥44,668 million and ¥49,426 million for fiscal 2024, 2025 and 2026, respectively.

Lease income from net investment in leases is included in finance revenues in the consolidated statements of income. Gains and losses from the disposition of net investment in leases were not material for fiscal 2024, 2025 and 2026.

Net investment in leases at March 31, 2025 and 2026 consists of the following:

	Millions of yen	
	March 31, 2025	March 31, 2026
Lease receivables*	¥1,132,186	¥1,209,630
Unguaranteed residual value	33,908	36,581
Initial direct costs	1,286	1,280
Total	¥1,167,380	¥1,247,491

* Some lease contracts are subject to government assistance for the customers' acquisition of leased assets, mainly for the purpose of environmental measures. This government assistance is accounted for as a reduction of lease receivables of lease contracts when the Company and its subsidiaries confirm receipt of cash. The amount of a reduction of lease receivables were ¥32,357 million and ¥31,482 million as of March 31, 2025 and 2026, respectively. Benefits of the government assistance are attributed to the customers by the reduced lease payments. Furthermore, remaining term of government assistance contracts ranges up to 13 years and 15 years as of March 31, 2025 and 2026, respectively. And when receiving the government assistance, restrictions mainly on disposal of property and duty of keeping documents occur for a certain period of time.

Investment in operating leases at March 31, 2025 and 2026 consists of the following:

	Millions of yen	
	March 31, 2025	March 31, 2026
Transportation equipment	¥1,912,604	¥ 1,987,797
Measuring and information-related equipment	436,122	523,388
Real estate	364,004	461,203
Other	82,516	101,678
	2,795,246	3,074,066
Accumulated depreciation	(946,341)	(1,033,293)
Net	1,848,905	2,040,773
Right-of-use assets	73,518	69,030
Accrued rental receivables	46,248	44,415
Allowance for doubtful receivables on operating leases	(1,493)	(1,398)
Total	¥1,967,178	¥ 2,152,820

Costs of operating leases include depreciation and various expenses (insurance, property tax and other). Depreciation and various expenses for fiscal 2024, 2025 and 2026 are as follows:

	Millions of yen		
	2024	2025	2026
Depreciation expenses	¥ 261,723	¥ 283,219	¥ 297,448
Various expenses	95,037	111,602	114,491
Total	¥ 356,760	¥ 394,821	¥ 411,939

Remaining lease receivables of net investment in leases (including residual value guarantees) range up to 23 years at March 31, 2026. Remaining lease receivables of the operating lease contracts range up to 55 years at March 31, 2026. At March 31, 2026, the amounts due in each of the next five years and thereafter are as follows:

	Millions of yen	
Years ending March 31,	Net investment in leases	Operating leases
2027	¥ 520,199	¥ 429,844
2028	345,808	272,626
2029	232,063	185,794
2030	137,127	115,082
2031	75,980	66,122
Thereafter	59,430	130,839
Total lease payments	1,370,607	¥1,200,307
Less imputed interest	(160,977)	
Total lease receivables	¥1,209,630	

(2) Lessee

The Company and its subsidiaries determine if an arrangement is a lease at inception of each contract. The Company and its subsidiaries have operating and finance leases for various assets including lands, office buildings, employees' accommodations, and vehicles.

Some of the lease arrangements include options to extend or terminate lease term. The Company and its subsidiaries determine the lease term while taking such options into account when determining the lease term when it is reasonably certain that it will exercise these options. The Company and its subsidiaries' lease arrangements do not contain material residual value guarantees or material restrictive covenants. As a rate implicit in most of the leases cannot be readily determinable, the Company and its subsidiaries use incremental borrowing rate based on the information available at commencement to determine the present values of lease payments.

The component of lease expense for fiscal 2024, 2025 and 2026 are as follows:

	Millions of yen	Millions of yen	Millions of yen
	Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2026
Finance lease cost			
Depreciation expenses of right-of-use assets	¥ 580	¥ 574	¥ 406
Interest expenses of lease liabilities	84	67	101
	664	641	507
Operating lease cost	53,405	53,013	56,020
Short-term lease cost	3,048	2,997	2,543
Variable lease cost	2,721	4,339	6,963
Sublease income	(9,512)	(9,971)	(21,019)
Total	¥ 50,326	¥ 51,019	¥ 45,014

The Company and its subsidiaries recorded net gains on sale and leaseback transactions of ¥2,661 million for fiscal 2024.

Supplemental cash flow information related to leases for fiscal 2024, 2025 and 2026 are as follows:

	Millions of yen	
	Year Ended March 31, 2024	
	Finance leases	Operating leases
Cash paid for amounts included in the measurements of lease liabilities:		
Cash flows from operating activities	¥ 84	¥ 52,729
Cash flows from financing activities	664	0
Right-of-use assets obtained in exchange for lease liabilities:	¥ 1,481	¥ 27,427

	Millions of yen	
	Year Ended March 31, 2025	
	Finance leases	Operating leases
Cash paid for amounts included in the measurements of lease liabilities:		
Cash flows from operating activities	¥ 67	¥ 52,277
Cash flows from financing activities	725	0
Right-of-use assets obtained in exchange for lease liabilities:	¥ 407	¥ 54,161

	Millions of yen	
	Year Ended March 31, 2026	
	Finance leases	Operating leases
Cash paid for amounts included in the measurements of lease liabilities:		
Cash flows from operating activities	¥101	¥53,584
Cash flows from financing activities	481	0
Right-of-use assets obtained in exchange for lease liabilities:	¥454	¥49,111

Supplemental balance sheet information related to lessee leases at March 31, 2025 and 2026 are as follows:

	Millions of yen, except lease term and discount rate	
	March 31, 2025	
	Finance leases	Operating leases
Investment in Operating Leases	¥ 4,634	¥ 68,883
Property under Facility Operations	1,863	99,201
Office Facilities	537	81,396
Total right-of-use assets	7,034	249,480
Other Liabilities	7,479	251,860
Total lease liabilities	¥ 7,479	¥ 251,860
Weighted average remaining lease term	35 years	12 years
Weighted average discount rate	2.0%	1.7%

	Millions of yen, except lease term and discount rate	
	March 31, 2026	
	Finance leases	Operating leases
Investment in Operating Leases	¥ 87	¥ 68,943
Property under Facility Operations	2,376	105,299
Office Facilities	617	91,192
Total right-of-use assets	3,080	265,434
Other Liabilities	3,400	268,286
Total lease liabilities	¥ 3,400	¥268,286
Weighted average remaining lease term	11 years	11 years
Weighted average discount rate	2.0%	2.1%

At March 31, 2026, the amounts of lease liabilities related to lessee leases due in each of the next five years and thereafter are as follows:

	Millions of yen	
Years ending March 31,	Finance leases	Operating leases
2027	¥ 735	¥ 56,037
2028	641	40,032
2029	565	32,508
2030	339	28,052
2031	260	24,266
Thereafter	1,384	123,813
Total lease payments	3,924	304,708
Less imputed interest	(524)	(36,422)
Total lease liabilities	¥3,400	¥268,286

7. Installment Loans

The composition of installment loans by domicile and type of borrower at March 31, 2025 and 2026 is as follows:

	Millions of yen	
	2025	2026
Borrowers in Japan:		
Consumer—		
Real estate loans	¥1,901,794	¥1,989,371
Card loans	67,874	64,600
Other	7,259	5,631
	1,976,927	2,059,602
Corporate—		
Real estate companies	415,666	461,006
Non-recourse loans	301,477	343,121
Commercial, industrial and other companies	233,270	229,097
	950,413	1,033,224
Borrowers in overseas:		
Consumer—		
Real estate loans	55,022	38,122
Other	39,172	39,302
	94,194	77,424
Corporate—		
Real estate companies*1	228,793	216,272
Non-recourse loans	86,724	200,308
Commercial, industrial and other companies	591,103	549,995
	906,620	966,575
Equity method investees	131,476	20,543
Purchased loans*2	21,389	16,214
	¥4,081,019	¥4,173,582

*1 Includes the outstanding balance of loans that were previously sold with a repurchase option and are recorded as assets for accounting purposes in accordance with ASC 860 (“Transfers and Servicing”.)

*2 Purchased loans represent loans with evidence of deterioration of credit quality since origination and for which it is probable at acquisition that collection of all contractually required payments from the debtors is unlikely.

Generally, installment loans are made under agreements that require the borrower to provide collateral or guarantors.

At March 31, 2026, the contractual maturities of installment loans (except purchased loans) for each of the next five years and thereafter are as follows:

Years ending March 31,	Millions of yen
2027	¥ 646,672
2028	418,347
2029	377,563
2030	268,642
2031	274,552
Thereafter	2,171,592
Total	¥4,157,368

Revenues from installment loans which are included in finance revenues in the consolidated statements of income are ¥205,734 million, ¥188,294 million and ¥211,379 million for fiscal 2024, 2025 and 2026, respectively.

Certain loans, for which the Company and its subsidiaries have the intent and ability to sell to outside parties in the foreseeable future, are considered held for sale and are carried at the lower of cost or market value determined on an individual basis, except loans held for sale for which the fair value option was elected. A subsidiary elected the fair value option on its loans held for sale. The subsidiary enters into forward sale agreements to offset the change in the fair value of loans held for sale, and the election of the fair value option allows the subsidiary to recognize both the change in the fair value of the loans and the change in the fair value of the forward sale agreements due to changes in interest rates in the same accounting period. Loans held for sale are included in installment loans, and the outstanding balances of these loans as of March 31, 2025 and 2026 were ¥111,527 million and ¥105,720 million, respectively. There were ¥97,694 million and ¥78,020 million of loans held for sale as of March 31, 2025 and 2026, respectively, measured at fair value by electing the fair value option.

Purchased loans acquired by the Company and its subsidiaries are generally loans with evidence of deterioration of credit quality since origination and for which it is probable at acquisition that collection of all contractually required payments from the debtors is unlikely and characterized by extended period of non-performance by the borrower, and it is difficult to reliably estimate the amount, timing, or nature of collections. Because such loans are commonly collateralized by real estate, the Company and its subsidiaries may pursue various approaches to maximizing the return from the collateral, including arrangement of borrower’s negotiated transaction of such collateral before foreclosure, the renovation, refurbishment or the sale of such loans to third parties. Accordingly, although the acquired assets may remain loans in legal form, collections on these loans often do not reflect the normal historical experience of collecting delinquent accounts, and the need to tailor individual collateral-realization strategies often makes it difficult to reliably estimate the amount, timing, or

nature of collections. Accordingly, the Company and its subsidiaries use the cost recovery method of income recognition for such purchased loans. The total carrying amounts of these purchased loans were ¥21,389 million and ¥16,214 million as of March 31, 2025 and 2026, respectively, and the fair value at the acquisition date of purchased loans acquired during fiscal 2025 and 2026 were ¥5,264 million and ¥10,818 million, respectively.

8. Credit Quality of Financial Assets and the Allowance for Credit Losses

The Company and its subsidiaries provide the following information disaggregated by portfolio segment and class of financial assets.

- Allowance for credit losses
- Credit quality of financial assets

  Credit quality indicators

  Past-due financing receivables

  Non-accrual
- Information about modifications of financing receivables made to debtors experiencing financial difficulty

A portfolio segment is defined as the level at which an entity develops and documents a systematic methodology to determine its allowance for credit losses. The Company and its subsidiaries classify our portfolio segments by instruments of loans, net investment in leases and other financial assets measured at amortized cost. Classes of financial assets are determined based on the initial measurement attribute, risk characteristics of the financing receivables and the method for monitoring and assessing obligors' credit risk and are defined as the level of detail necessary for a financial statement user to understand the risks inherent in the financial assets. Classes of financial assets generally are a disaggregation of a portfolio segment, and the Company and its subsidiaries disaggregate our portfolio segments into classes by regions, instruments or industries of our debtors.

The following table provides information about the allowance for credit losses for installment loans, net investment in leases and other financial assets measured at amortized cost for fiscal 2024, 2025 and 2026:

	Fiscal Year ended March 31, 2024								
	Millions of yen								
	Beginning balance	Provision (Reversal)*3	Allowance for credit losses on acquired financial assets at acquisition	Charge-offs*4	Recoveries	Other*5	Ending balance	Collective (pool) assessment	Individual assessment
Allowance for credit losses:									
Installment loans to consumer borrowers:									
Real estate loans									
Japan	¥ 4,092	¥ (712)	¥ 0	¥ (218)	¥ 151	¥ (110)	¥ 3,203	¥ 2,893	¥ 310
Overseas	446	94	0	(6)	1	46	581	526	55
Card loans									
Japan	9,022	101	0	(918)	10	(8,203)	12	12	0
Other									
Japan	7,759	5,313	0	(3,856)	7	(9,132)	91	6	85
Overseas	1,889	3,166	0	(2,736)	476	265	3,060	1,762	1,298
Installment loans to corporate borrowers:									
Non-recourse loans									
Japan	253	176	0	0	0	0	429	429	0
The Americas	1,494	74	0	(55)	0	205	1,718	660	1,058
Other than non-recourse loans									
Real estate companies									
Japan	777	176	0	(4)	26	0	975	889	86
Overseas	1,007	430	0	0	0	112	1,549	1,045	504
Commercial, industrial and other companies									
Japan	1,152	(44)	0	(281)	9	21	857	722	135
Overseas	19,132	8,702	0	(4,762)	176	2,576	25,824	16,061	9,763
Loans to Equity method investees	650	99	0	0	0	129	878	422	456
Purchased loans *1	1,148	13	47,676	(47,722)	2	16	1,133	548	585
Net investment in leases:	15,719	3,064	0	(2,635)	26	606	16,780	10,866	5,914
Subtotal	64,540	20,652	47,676	(63,193)	884	(13,469)	57,090	36,841	20,249
Other financial assets measured at amortized cost *2	833	311	0	(280)	9	147	1,020	321	699
Total	¥65,373	¥20,963	¥47,676	¥(63,473)	¥ 893	¥(13,322)	¥58,110	¥37,162	¥20,948

	Fiscal Year ended March 31, 2025								
	Millions of yen								
	Beginning balance	Provision (Reversal)*3	Allowance for credit losses on acquired financial assets at acquisition	Charge-offs*4	Recoveries	Other*5	Ending balance	Collective (pool) assessment	Individual assessment
Allowance for credit losses:									
Installment loans to consumer borrowers:									
Real estate loans									
Japan	¥ 3,203	¥ (317)	¥ 0	¥ (62)	¥ 66	¥ 1	¥ 2,891	¥ 2,609	¥ 282
Overseas	581	1,202	0	0	1	(105)	1,679	505	1,174
Card loans									
Japan	12	13	0	0	11	0	36	36	0
Other									
Japan	91	(8)	0	0	7	0	90	6	84
Overseas	3,060	2,996	0	(3,237)	453	(224)	3,048	1,355	1,693
Installment loans to corporate borrowers:									
Non-recourse loans									
Japan	429	33	0	0	0	0	462	462	0
The Americas	1,718	1,066	0	(150)	0	(41)	2,593	1,548	1,045
Other than non-recourse loans									
Real estate companies									
Japan	975	(14)	0	(78)	26	(1)	908	877	31
Overseas	1,549	682	0	0	0	(185)	2,046	764	1,282
Commercial, industrial and other companies									
Japan	857	359	0	(146)	7	1	1,078	586	492
Overseas	25,824	1,094	0	(4,048)	34	(2,841)	20,063	11,919	8,144
Loans to Equity method investees	878	954	0	(255)	0	(65)	1,512	167	1,345
Purchased loans *1	1,133	80	7,507	(7,547)	2	167	1,342	521	821
Net investment in leases:	16,780	4,934	0	(3,505)	91	(178)	18,122	11,236	6,886
Subtotal	57,090	13,074	7,507	(19,028)	698	(3,471)	55,870	32,591	23,279
Other financial assets measured at amortized cost *2	1,020	179	0	(276)	14	(38)	899	299	600
Total	¥58,110	¥13,253	¥ 7,507	¥(19,304)	¥ 712	¥ (3,509)	¥56,769	¥32,890	¥23,879

	Fiscal Year ended March 31, 2026								
	Millions of yen								
	Beginning balance	Provision (Reversal)*3	Allowance for credit losses on acquired financial assets at acquisition	Charge-offs*4	Recoveries	Other*5	Ending balance	Collective (pool) assessment	Individual assessment
Allowance for credit losses:									
Installment loans to consumer borrowers:									
Real estate loans									
Japan	¥ 2,891	¥ 180	¥ 0	¥ (130)	¥ 36	¥ (153)	¥ 2,824	¥ 2,615	¥ 209
Overseas	1,679	262	0	(202)	0	80	1,819	367	1,452
Card loans									
Japan	36	(7)	0	0	6	0	35	35	0
Other									
Japan	90	(5)	0	0	2	(84)	3	3	0
Overseas	3,048	2,203	0	(3,720)	337	224	2,092	1,449	643
Installment loans to corporate borrowers:									
Non-recourse loans									
Japan	462	126	0	0	0	(6)	582	582	0
Overseas	2,593	2,969	0	(1,264)	0	1,337	5,635	2,224	3,411
Other than non-recourse loans									
Real estate companies									
Japan	908	192	0	(18)	25	(84)	1,023	1,021	2
Overseas	2,046	320	0	0	0	(876)	1,490	519	971
Commercial, industrial and other companies									
Japan	1,078	167	0	(24)	43	(75)	1,189	691	498
Overseas	20,063	11,799	0	(3,067)	197	1,633	30,625	11,946	18,679
Loans to Equity method investees	1,512	(169)	0	(1,439)	2	94	0	0	0
Purchased loans *1	1,342	322	3,633	(3,763)	11	5,943	7,488	133	7,355
Net investment in leases:	18,122	4,933	0	(4,938)	365	1,425	19,907	13,218	6,689
Subtotal	55,870	23,292	3,633	(18,565)	1,024	9,458	74,712	34,803	39,909
Other financial assets measured at amortized cost *2	899	1,482	4,491	(1,336)	2	(56)	5,482	659	4,823
Total	¥56,769	¥24,774	¥ 8,124	¥(19,901)	¥ 1,026	¥ 9,402	¥80,194	¥35,462	¥44,732

Notes: 1 Loans held for sale and policy loan receivables of an insurance entity are not in the scope of allowance for credit losses.

2 Since April 1, 2025, the geographic classification of Non-recourse loans within Installment loans to corporate borrowers has been changed from "The Americas" to "Overseas," reflecting the occurrence of transactions outside The Americas, although the principal assets remain located in The Americas.

*1 Purchased loans represent loans with evidence of deterioration of credit quality since origination and for which it is probable at acquisition that collection of all contractually required payments from the debtors is unlikely.

*2 The allowance for other financial assets measured at amortized cost includes the allowance for credit losses on financing receivables, such as accounts receivable, which include purchased trade receivables. Other financial assets measured at amortized cost are mainly "Trade notes, accounts and other receivables" on the consolidated balance sheets.

*3 "Provision for credit losses" in the consolidated statements of income amounted to provisions of ¥20,968 million, ¥18,723 million and ¥34,017 million for fiscal 2024, 2025 and 2026 respectively. The reconciliation between the above table and the amounts reported on the consolidated statements of income in fiscal 2024, 2025 and 2026 are as follows:

	Millions of yen		
	Fiscal Year ended March 31, 2024	Fiscal Year ended March 31, 2025	Fiscal Year ended March 31, 2026
	Provision for credit losses	Provision for credit losses	Provision for credit losses
Net investment in leases	¥ 3,064	¥ 4,934	¥ 4,933
Installment loans	17,588	8,140	18,359
Subtotal in the above table	20,652	13,074	23,292
Other financial assets measured at amortized cost	311	179	1,482
Total in the above table	20,963	13,253	24,774
Off-balance sheet credit exposures *3(a)	(440)	5,297	7,211
Available-for-sale debt securities *3(b)	445	173	2,032
Amount reported on the consolidated financial statements	¥20,968	¥18,723	¥34,017

*3(a) The allowance for off-balance sheet credit exposure were ¥5,116 million, ¥9,766 million and ¥17,676 million as of March 31, 2024, 2025 and 2026, respectively, and the amounts are recorded in "Other liabilities" on the consolidated balance sheets. For further information, see Note 31 "Commitments, Guarantees and Contingent Liabilities."

*3(b) The allowance for available-for-sale debt securities were ¥634 million ¥670 million and ¥3,505 million as of March 31, 2024, 2025 and 2026, respectively, and the amounts are recorded as a reduction in "Investments in securities" on the consolidated balance sheets. For further information, see Note 9 "Investment in Securities."

*4 Included in Charge-offs of purchased loans were write-offs of purchased loans at the acquisition date of ¥47,676 million, ¥7,507 million and ¥3,633 million during fiscal 2024, 2025 and 2026.

*5 "Other" mainly includes foreign currency translation adjustments and increases or decreases in allowance due to consolidation or deconsolidation of subsidiaries.

The following table provides information about purchased loans and about purchased trade receivables acquired in fiscal 2024, 2025 and 2026, for which it is probable at acquisition that collection of all contractually required payments is unlikely. Such receivables include those acquired in connection with the consolidation of subsidiaries:

	Millions of yen		
	Fiscal Year ended March 31, 2024	Fiscal Year ended March 31, 2025	Fiscal Year ended March 31, 2026
Purchase price	¥12,271	¥ 5,264	¥18,162
Allowance for credit losses at acquisition date	47,676	7,507	15,079
Discount or premium attributable to other factors	1,188	1,332	2,368
Par value	¥61,135	¥14,103	¥35,609

The Company and its subsidiaries estimate an allowance for credit losses for all credit losses expected to occur in future over the remaining life of financial assets, and recognize the allowance adequately based on management judgement. In developing the allowance for credit losses, the Company and its subsidiaries consider, among other things, the following factors in collective assessment and individual assessment by each portfolio:

- business characteristics and financial conditions of obligors;
- prior charge-off experience;
- current delinquencies and delinquency trends;
- value of underlying collateral and guarantees; and
- current economic and business conditions and expected outlook in future.

The Company and its subsidiaries manage credit risk using various indicators specific to the region, industry, and types of assets, in accordance with the group risk management policy. For credit transactions, the basic group policy is to obtain sufficient collateral and guarantees, and to diversify industries and borrowers, and the Company and its subsidiaries comprehensively evaluate and monitor the financial condition and cash flows of borrowers, underlying collateral and guarantees, and profitability. The Company and its subsidiaries also manage exposure to potentially high-risk markets by establishing appropriate credit limits through portfolio analysis.

Due to the diversity of assets and risk indicators held by the Company and its subsidiaries, the Company and its subsidiaries monitor the credit quality indicators as performing and non-performing assets as indicators that are common across all classes. The category of non-performing assets includes financing receivables for debtors who have filed for insolvency proceedings, whose bank transactions are suspended, whose bills are dishonored, whose businesses have deteriorated, whose repayment is past-due 90 days or more, financing receivables modified to debtors experiencing financial difficulty, and performing assets include all other financing receivables. Regarding purchased loans, they are classified as non-performing assets when it is probable that the acquisition cost of purchased loans cannot be collected, while all the other purchased loans are included in the category of performing assets.

Certain subsidiaries, in the normal course of their business operations, sell mortgage loans to the Government National Mortgage Association (“Ginnie Mae” or “GNMA”) and the Federal National Mortgage Association (“Fannie Mae”) and retain the servicing rights. The GNMA and Fannie Mae programs under which

these loans are sold allow such subsidiaries, at their option and without prior authorization from GNMA or Fannie Mae, to repurchase individual delinquent loans that meet certain criteria for an amount equal to 100% of the remaining principal balance of the loan.

Under ASC 860 (“Transfers and Servicing”), once a subsidiary has the unconditional ability to repurchase a delinquent loan, the subsidiary is deemed to have regained effective control over the loan. Accordingly, the subsidiary is required to recognize the loan as an asset on the balance sheet and record a corresponding liability, regardless of whether the subsidiary intends to exercise the repurchase option.

During the prior fiscal year and the current fiscal year, the subsidiaries did not exercise the option to repurchase any delinquent loans. The loans meeting the criteria for repurchase totaled ¥14,362 million, ¥48,855 million and ¥76,395 million as of March 31, 2024, 2025 and 2026, respectively. These loans are included in installment loans on the consolidated balance sheets, with a corresponding liability recorded in other liabilities.

The loans that have been recognized on the consolidated balance sheets as described above continue to be administered under the framework of the programs provided by GNMA and other government-related agencies. Credit losses associated with these loans are addressed through the guarantee and insurance mechanisms or loss sharing agreements applicable under such programs. The recognition of these loans as assets pursuant to accounting standards does not indicate that the subsidiaries bear any additional credit risk or risk of non-recovery associated with the loans. In addition, as of the end of the previous and current fiscal year, the subsidiaries have not made any decisions nor commenced any procedures to exercise the repurchase option with respect to delinquent loans. Accordingly, these loans are not included within non-performing loans.

When certain performing financial assets mainly have similar risk characteristics to other financial assets, the performing financial assets are collectively evaluated as a pool. On the contrary, when financial assets do not have similar risk characteristics to other financial assets, the financial assets are evaluated individually.

Loans to consumer borrowers

Loans to consumer borrowers mainly consist of real estate loans and card loans.

The credit quality of real estate loans is affected by the cash flows derived from the property and its collateral value.

The credit quality of card loans is affected by the repayment ability of customers such as customer credit standing or payment history.

The Company and its subsidiaries use these factors to estimate the allowance for credit losses because they are reflected in the probability of default and loss given default in each portfolio.

Loans to corporate borrowers

Loans to corporate borrowers are classified into non-recourse loans and loans other than non-recourse loans.

The credit quality of non-recourse loans for which cash flows from real estate are the source of repayment depends mainly on the real estate collateral value.

Loans other than non-recourse loans are classified into either real estate companies or commercial, industrial and other companies, each of which are further divided into Japan and overseas.

The credit quality of real estate companies is affected by mainly Japanese and Americas real estate markets and trends.

The credit quality of commercial, industrial and other companies, which consist of various industries, is affected mainly by broader financial and economic conditions and trends in Japan, the Americas and Asian countries.

The allowance for credit losses for loans to corporate borrowers is estimated by considering, among others, debtors' situation, as well as economic conditions and trends in its industries, the value of underlying collateral and guarantees, and probability of default and loss given default.

Loans to equity method investees

Equity method investees are diversified in various industries and countries. The credit quality of loans to equity method investees is affected mainly by broader financial and economic conditions and trends in Japan, the Americas and Asian countries.

The allowance for credit losses for loans to equity method investees is estimated by considering, among others, debtors' situation, as well as economic conditions and trends in its industries, the value of underlying collateral and guarantees, and probability of default and loss given default.

Net investment in leases

Net investment in leases consists of leases of various equipment types, including office equipment, industrial machinery, transportation equipment and real estate properties. The allowance for credit losses for net investment in leases is estimated based on the value of the underlying leased assets, debtors' situation, economic conditions and trends in its industries, and probability of default and loss given default.

In common with portfolio segments, the forecasted future economic indicators correlated with the prior charge-off experience are reflected to the estimate of the allowance for credit losses. Economic indicators correlated with prior charge-off experience are determined over the reasonable and supportable forecasted period. Economic indicators include GDP growth rates, consumer price indices, unemployment rates, and government bond interest rates. It also considers forward-looking scenarios of how the selected economic indicators will change in the future. The Company and its subsidiaries use the latest economic forecasts available from the economic reports published by governments and central banks, as well as from third-party information providers as economic indicators.

On the other hand, for periods beyond which the Company and its subsidiaries are able to make or obtain reasonable and supportable forecasts of future economic indicators of the entire life of the financial asset, expected credit losses are estimated for the remaining life mainly using an appropriate reversion approach, mainly immediate reversion to historical credit loss information.

There have been no significant changes during fiscal 2026 to methodologies and economic indicators used to estimate the allowance for credit losses.

When non-performing financial assets with deteriorated credit quality have similar risk characteristics to other financial assets, the allowance for credit losses is collectively evaluated based on mainly loss given default. On the other hand, if the non-performing financial assets do not have similar risk characteristics to other financial assets, the allowance for credit losses is individually evaluated.

In the individual assessment the allowance for credit losses is estimated individually based on the present value of expected future cash flows, the observable market price or the fair value of the collateral securing the financing receivables if the financing receivables are collateral-dependent.

The collateral-dependent financing receivables are defined as the finance receivables, which a debtor would be in financial difficulty and the collection significantly depend on the collateral. These financing receivables are mainly non-recourse loans and purchased loans for which cash flows from underlying real estate is the source of repayment.

For non-recourse loans, their collection depends on the real estate collateral value, which may decline as a result of a decrease in liquidity of the real estate market, a rise in vacancy rate of rental properties, a fall in rents and other factors.

For purchased loans, their collection may decrease due to a decline in the real estate collateral value and debtors' creditworthiness. Thus, the changes in these risks affect the amount of the allowance for credit losses.

In common with all portfolio segments, the Company and its subsidiaries charge off doubtful receivables when the likelihood of any future collection is believed to be minimal, mainly based upon an evaluation of the relevant debtors' creditworthiness and the liquidation status of collateral.

The following table provides information about the origination years of financial assets as of March 31, 2025 and 2026 and the gross write-offs, corresponding to each class of financial assets by origination year, recorded during fiscal 2025 and 2026. Card loans to consumer borrowers with a revolving repayment feature that cannot be classified into the origination year are excluded from the table.

		March 31, 2025						
		Millions of yen						
Portfolio segment		Origination year (years ended March 31)						
Class	Credit Quality	2025	2024	2023	2022	2021	Prior	Total
Consumer borrowers:								
	Performing	¥ 358,952	¥ 154,694	¥159,847	¥143,281	¥227,594	¥936,220	¥1,980,588
	Non-Performing	586	1,421	3,101	2,086	668	11,576	¥ 19,438
	Gross write-offs	206	1,773	1,136	106	8	70	¥ 3,299
Real estate loans								
	Performing	339,308	142,337	152,451	142,224	227,484	935,996	¥1,939,800
	Non-Performing	224	472	2,110	2,057	666	11,487	¥ 17,016
	Gross write-offs	0	0	0	0	0	62	¥ 62
Other								
	Performing	19,644	12,357	7,396	1,057	110	224	¥ 40,788
	Non-Performing	362	949	991	29	2	89	¥ 2,422
	Gross write-offs	206	1,773	1,136	106	8	8	¥ 3,237
Corporate borrowers:								
	Performing	865,495	246,134	133,623	154,928	42,744	175,757	¥1,618,681
	Non-Performing	2,389	8,970	4,353	33,020	7,593	14,275	¥ 70,600
	Gross write-offs	65	181	73	2,485	24	1,594	¥ 4,422

Portfolio segment / Class / Credit Quality	March 31, 2025 (Millions of yen) Origination year (years ended March 31) 2025	2024	2023	2022	2021	Prior	Total
Non-recourse loans							
Japan							
Performing	225,394	52,292	10,487	6,932	0	6,372	¥ 301,477
Gross write-offs	0	0	0	0	0	0	¥ 0
The Americas							
Performing	44,762	20,079	7,540	886	135	9,491	¥ 82,893
Non-Performing	0	0	67	0	0	3,764	¥ 3,831
Gross write-offs	0	0	0	0	0	150	¥ 150
Other than non-recourse loans							
Real estate companies in Japan							
Performing	205,004	67,092	33,558	23,295	19,072	67,088	¥ 415,109
Non-Performing	0	0	0	0	8	549	¥ 557
Gross write-offs	0	0	0	0	0	78	¥ 78
Real estate companies in overseas							
Performing	57,678	2,458	8,833	2,828	504	6,469	¥ 78,770
Non-Performing	104	680	1,283	1,188	0	162	¥ 3,417
Gross write-offs	0	0	0	0	0	0	¥ 0
Commercial, industrial and other companies in Japan							
Performing	131,439	38,390	20,382	10,761	6,412	17,740	¥ 225,124
Non-Performing	415	58	130	11	76	86	¥ 776
Gross write-offs	0	0	0	0	6	140	¥ 146
Commercial, industrial and other companies in overseas							
Performing	201,218	65,823	52,823	110,226	16,621	68,597	¥ 515,308
Non-Performing	1,870	8,232	2,873	31,821	7,509	9,714	¥ 62,019
Gross write-offs	65	181	73	2,485	18	1,226	¥ 4,048
Loans to Equity method investees:							
Performing	515	111,724	2,028	0	1,583	14,858	¥ 130,708
Non-Performing	0	0	0	0	0	1,345	¥ 1,345
Gross write-offs	0	0	55	39	0	161	¥ 255

Portfolio segment / Class	Credit Quality	March 31, 2025 Millions of yen Origination year (years ended March 31) 2025	2024	2023	2022	2021	Prior	Total
Purchased loans:								
	Performing	0	52	14	476	86	19,497	¥ 20,125
	Non-Performing	0	0	0	31	0	1,233	¥ 1,264
	Gross write-offs	0	0	0	57	255	7,235	¥ 7,547
Net investment in leases:								
	Performing	448,045	316,681	179,111	89,639	47,256	64,828	¥1,145,560
	Non-Performing	2,381	5,398	4,893	1,879	836	6,433	¥ 21,820
	Gross write-offs	0	456	1,029	538	353	1,129	¥ 3,505
Japan								
	Performing	199,069	145,491	101,351	67,720	40,680	60,287	¥ 614,598
	Non-Performing	160	628	763	808	500	1,506	¥ 4,365
	Gross write-offs	0	34	135	254	256	627	¥ 1,306
Overseas								
	Performing	248,976	171,190	77,760	21,919	6,576	4,541	¥ 530,962
	Non-Performing	2,221	4,770	4,130	1,071	336	4,927	¥ 17,455
	Gross write-offs	0	422	894	284	97	502	¥ 2,199
Total (excluding revolving repayment card loans)								
	Performing	¥1,673,007	¥ 829,285	¥ 474,623	¥ 388,324	¥ 319,263	¥1,211,160	¥4,895,662
	Non-Performing	5,356	15,789	12,347	37,016	9,097	34,862	¥ 114,467
	Gross write-offs	271	2,410	2,293	3,225	640	10,189	¥ 19,028

Portfolio segment / Class	Credit Quality	March 31, 2026 Millions of yen Origination year (years ended March 31) 2026	2025	2024	2023	2022	Prior	Total
Consumer borrowers:								
	Performing	¥ 392,074	¥ 290,820	¥ 136,404	¥ 137,394	¥ 130,105	¥ 958,672	¥2,045,469
	Non-Performing	451	3,465	2,184	5,041	1,405	10,452	¥ 22,998
	Gross write-offs	137	1,046	1,390	1,156	128	195	¥ 4,052
Real estate loans								
	Performing	371,586	279,725	130,960	134,882	129,906	958,622	¥2,005,681
	Non-Performing	195	3,063	1,888	4,817	1,401	10,448	¥ 21,812
	Gross write-offs	0	0	0	34	105	193	¥ 332
Other								
	Performing	20,488	11,095	5,444	2,512	199	50	¥ 39,788
	Non-Performing	256	402	296	224	4	4	¥ 1,186
	Gross write-offs	137	1,046	1,390	1,122	23	2	¥ 3,720
Corporate borrowers:								
	Performing	813,938	449,888	164,930	78,714	107,095	133,575	¥1,748,140
	Non-Performing	1,276	3,184	9,835	7,692	13,814	26,748	¥ 62,549
	Gross write-offs	305	76	471	74	143	3,304	¥ 4,373

Portfolio segment / Class	Credit Quality	March 31, 2026 (Millions of yen) Origination year (years ended March 31) 2026	2025	2024	2023	2022	Prior	Total
Non-recourse loans								
Japan								
	Performing	181,856	113,115	30,906	7,633	6,753	2,858	¥ 343,121
	Gross write-offs	0	0	0	0	0	0	¥ 0
Overseas								
	Performing	89,661	61,545	23,222	7,398	2,037	4,439	¥ 188,302
	Non-Performing	0	79	4,656	855	1,065	5,351	¥ 12,006
	Gross write-offs	0	0	0	0	0	1,264	¥ 1,264
Other than non-recourse loans								
Real estate companies in Japan								
	Performing	211,938	96,971	40,453	22,320	19,139	69,631	¥ 460,452
	Non-Performing	0	19	0	0	0	535	¥ 554
	Gross write-offs	0	0	0	5	0	13	¥ 18
Real estate companies in overseas								
	Performing	46,394	5,163	1,147	1,120	0	5,848	¥ 59,672
	Non-Performing	0	0	440	1,586	63	92	¥ 2,181
	Gross write-offs	0	0	0	0	0	0	¥ 0
Commercial, industrial and other companies in Japan								
	Performing	111,912	52,689	28,678	8,018	8,374	8,501	¥ 218,172
	Non-Performing	14	411	47	116	11	139	¥ 738
	Gross write-offs	0	0	8	7	0	9	¥ 24
Commercial, industrial and other companies in overseas								
	Performing	172,177	120,405	40,524	32,225	70,792	42,298	¥ 478,421
	Non-Performing	1,262	2,675	4,692	5,135	12,675	20,631	¥ 47,070
	Gross write-offs	305	76	463	62	143	2,018	¥ 3,067
Loans to Equity method investees:								
	Performing	3,032	573	585	2,005	21	15,020	¥ 21,236
	Non-Performing	0	0	0	0	0	0	¥ 0
	Gross write-offs	0	0	0	0	0	1,439	¥ 1,439
Purchased loans:								
	Performing	0	792	0	0	0	13,019	¥ 13,811
	Non-Performing	0	0	0	0	0	228	¥ 228
	Gross write-offs	0	10	0	0	0	3,753	¥ 3,763

Portfolio segment / Class	Credit Quality	March 31, 2026 Millions of yen Origination year (years ended March 31) 2026	2025	2024	2023	2022	Prior	Total
Net investment in leases:								
	Performing	490,025	327,849	202,407	96,189	47,874	56,070	¥1,220,414
	Non-Performing	3,616	5,892	6,810	3,699	1,456	5,604	¥ 27,077
	Gross write-offs	57	396	1,337	1,559	416	1,173	¥ 4,938
Japan								
	Performing	197,362	152,845	105,743	66,152	40,753	52,159	¥ 615,014
	Non-Performing	146	517	865	778	668	1,345	¥ 4,319
	Gross write-offs	0	16	120	223	189	586	¥ 1,134
Overseas								
	Performing	292,663	175,004	96,664	30,037	7,121	3,911	¥ 605,400
	Non-Performing	3,470	5,375	5,945	2,921	788	4,259	¥ 22,758
	Gross write-offs	57	380	1,217	1,336	227	587	¥ 3,804
Total (excluding revolving repayment card loans)								
	Performing	¥1,699,069	¥1,069,922	¥ 504,326	¥ 314,302	¥ 285,095	¥1,176,356	¥5,049,070
	Non-Performing	5,343	12,541	18,829	16,432	16,675	43,032	¥ 112,852
	Gross write-offs	499	1,528	3,198	2,789	687	9,864	¥ 18,565

Notes: 1 Loans held for sale, policy loan receivables of an insurance entity and financing receivables, such as accounts receivable are not included in the table above.

2 Since April 1, 2025, the geographic classification of Non-recourse loans within Installment loans to corporate borrowers has been changed from "The Americas" to "Overseas," reflecting the occurrence of transactions outside The Americas, although the principal assets remain located in The Americas.

The information about card loans to consumer borrowers with a revolving repayment feature that cannot be classified into the origination year as of March 31, 2025 and 2026 and the gross write-offs, corresponding to card loans, recorded during fiscal 2025 and 2026 is as follows:

Portfolio segment / Credit quality	March 31, 2025 Millions of yen Revolving repayment card loans	Total—origination year (excluding revolving repayment card loans)	Total—financial assets measured at amortized cost
Consumer borrowers:			
Performing	¥67,874	¥4,895,662	¥4,963,536
Non-Performing	0	114,467	¥ 114,467
Gross write-offs	0	19,028	¥ 19,028

Portfolio segment / Credit quality	March 31, 2026 Millions of yen: Revolving repayment card loans	Total—origination year (excluding revolving repayment card loans)	Total—financial assets measured at amortized cost
Consumer borrowers:			
Performing	¥64,600	¥5,049,070	¥5,113,670
Non-Performing	0	112,852	¥ 112,852
Gross write-offs	0	18,565	¥ 18,565

Of non-performing assets, the Company and its subsidiaries consider smaller balance homogeneous loans (including real estate loans and card loans, among others, which are not restructured) and net investment in leases as the 90 days or more past-due financing receivables not individually evaluated, and consider all others as the loans individually evaluated. After the Company and its subsidiaries have set aside a provision for those non-performing assets, the Company and its subsidiaries continue to monitor at least on a quarterly basis the quality of any underlying collateral, the business conditions of the debtors and other important factors in order to report to management and develop additional provision for credit losses as necessary.

The following table provides information about the past-due financial assets as of March 31, 2025 and 2026:

Portfolio segment	Class	March 31, 2025 Millions of yen: Past-due financial assets: 30-89 days past-due	90 days or more past-due	Total past-due	Total financing receivables
Consumer borrowers		¥ 4,481	¥ 7,645	¥ 12,126	¥2,067,900
	Real estate loans	2,536	5,423	7,959	1,956,816
	Card loans	355	0	355	67,874
	Other	1,590	2,222	3,812	43,210
Corporate borrowers		9,896	35,085	44,981	1,689,281
Non-recourse loans	Japan	0	0	0	301,477
	The Americas	2,141	3,696	5,837	86,724
Other than non-recourse loans	Real estate companies in Japan	200	29	229	415,666
	Real estate companies in overseas	36	2,419	2,455	82,187
	Commercial, industrial and other companies in Japan	1,992	520	2,512	225,900
	Commercial, industrial and other companies in overseas	5,527	28,421	33,948	577,327
Loans to Equity method investees		0	0	0	132,053
Net investment in leases		20,113	20,577	40,690	1,167,380
	Japan	3,851	3,915	7,766	618,963
	Overseas	16,262	16,662	32,924	548,417
Total		¥ 34,490	¥ 63,307	¥ 97,797	¥5,056,614

		March 31, 2026			
		Millions of yen			
		Past-due financial assets			
Portfolio segment	Class	30-89 days past-due	90 days or more past-due	Total past-due	Total financing receivables
Consumer borrowers		¥ 4,742	¥10,817	¥ 15,559	¥2,133,067
	Real estate loans	2,703	9,944	12,647	2,027,493
	Card loans	350	0	350	64,600
	Other	1,689	873	2,562	40,974
Corporate borrowers		16,246	20,742	36,988	1,810,689
Non-recourse loans	Japan	0	0	0	343,121
	Overseas	6,022	5,456	11,478	200,308
Other than non-recourse loans	Real estate companies in Japan	292	0	292	461,006
	Real estate companies in overseas	363	2,181	2,544	61,853
	Commercial, industrial and other companies in Japan	2,442	541	2,983	218,910
	Commercial, industrial and other companies in overseas	7,127	12,564	19,691	525,491
Loans to Equity method investees		0	0	0	21,236
Net investment in leases		32,063	26,397	58,460	1,247,491
	Japan	2,234	3,920	6,154	619,333
	Overseas	29,829	22,477	52,306	628,158
Total		¥53,051	¥57,956	¥111,007	¥5,212,483

Notes: 1 Loans held for sale, policy loans receivable of an insurance entity and purchased loans are not included in the table above.

2 Since April 1, 2025, the geographic classification of Non-recourse loans within Installment loans to corporate borrowers has been changed from "The Americas" to "Overseas," reflecting the occurrence of transactions outside The Americas, although the principal assets remain located in The Americas.

In common with all classes, the Company and its subsidiaries consider financial assets as past-due financial assets when principal or interest is past-due 30 days or more. Loans whose terms have been modified are not classified as past-due financial assets if the principal and interest are not past-due 30 days or more in accordance with the modified terms.

The following table provides information about non-accrual of financial assets as of March 31, 2025 and 2026:

	March 31, 2025			
	Millions of yen			
	Beginning balance	Ending balance	Interest income recognized during the reporting period	Balance not associated allowance for credit losses among financial assets measured at amortized cost, which is suspending recognition of income
Non-accrual of financial assets:				
Installment loans to consumer borrowers:				
Real estate loans				
Japan	¥ 1,095	¥ 1,235	¥260	¥ 128
Overseas	1,107	4,976	0	0
Other				
Japan	96	86	1	0
Overseas	2,574	2,373	0	4
Installment loans to corporate borrowers:				
Non-recourse loans				
The Americas	3,116	3,831	0	603
Other than non-recourse loans				
Real estate companies				
Japan	115	29	30	0
Overseas	1,731	3,417	0	0
Commercial, industrial and other companies				
Japan	355	520	54	37
Overseas	27,636	60,629	0	2,203
Loans to Equity method investees	1,929	1,345	0	0
Net investment in leases	19,002	20,597	0	0
Total	¥58,756	¥99,038	¥345	¥2,975

	March 31, 2026			
	Millions of yen			
	Beginning balance	Ending balance	Interest income recognized during the reporting period	Balance not associated allowance for credit losses among financial assets measured at amortized cost, which is suspending recognition of income
Non-accrual of financial assets:				
Installment loans to consumer borrowers:				
Real estate loans				
Japan	¥ 1,235	¥ 1,050	¥281	¥ 322
Overseas	4,976	8,895	0	137
Other				
Japan	86	0	0	0
Overseas	2,373	982	0	3
Installment loans to corporate borrowers:				
Non-recourse loans				
Overseas	3,831	11,477	0	0
Other than non-recourse loans				
Real estate companies				
Japan	29	0	22	0
Overseas	3,417	2,181	0	0
Commercial, industrial and other companies				
Japan	520	541	3	0
Overseas	60,629	46,642	0	2,399
Loans to Equity method investees	1,345	0	0	0
Net investment in leases	20,597	26,420	0	0
Total	¥99,038	¥98,188	¥306	¥2,861

Note: Since April 1, 2025, the geographic classification of Non-recourse loans within Installment loans to corporate borrowers has been changed from "The Americas" to "Overseas," reflecting the occurrence of transactions outside The Americas, although the principal assets remain located in The Americas.

The following table provides information about modifications of financing receivables made to debtors experiencing financial difficulty that occurred during fiscal 2024, 2025 and 2026:

Fiscal Year ended March 31, 2024

Millions of yen						
Portfolio segment	**Interest rate reduction**		**Term extension**		**Principal forgiveness**	
Class	**Amortized cost basis**	**% of total class of financing receivable**	**Amortized cost basis**	**% of total class of financing receivable**	**Amortized cost basis**	**% of total class of financing receivable**
Consumer borrowers	¥1,266	0.1	¥ 4,652	0.2	¥ 42	0.0
Real estate loans	5	0.0	1	0.0	1	0.0
Card loans	1,176	1.6	6	0.0	40	0.1
Other	85	0.2	4,645	9.2	1	0.0
Corporate borrowers	0	0	4,499	0.3	932	0.1
Non-recourse loans	0	0	1,277	0.7	0	0
The Americas	0	0	1,277	2.5	0	0
Other than non-recourse loans	0	0	3,222	0.3	932	0.1
Real estate companies in Japan	0	0	69	0.0	0	0
Commercial, industrial and other companies in Japan	0	0	711	0.4	0	0
Commercial, industrial and other companies in overseas	0	0	2,442	0.3	932	0.1
Loans to Equity method investees	0	0	955	0.4	0	0
Total	¥1,266	0.0	¥10,106	0.2	¥974	0.0

Fiscal Year ended March 31, 2025

Millions of yen						
Portfolio segment	**Interest rate reduction**		**Term extension**		**Principal forgiveness**	
Class	**Amortized cost basis**	**% of total class of financing receivable**	**Amortized cost basis**	**% of total class of financing receivable**	**Amortized cost basis**	**% of total class of financing receivable**
Consumer borrowers	¥ 2	0.0	¥ 50	0.0	¥ 0	0
Other	2	0.0	50	0.1	0	0
Corporate borrowers	0	0	11,318	0.7	16	0.0
Non-recourse loans	0	0	2,141	0.6	0	0
The Americas	0	0	2,141	2.5	0	0
Other than non-recourse loans	0	0	9,177	0.7	16	0.0
Real estate companies in Japan	0	0	1,272	0.3	0	0
Real estate companies in overseas	0	0	0	0	0	0
Commercial, industrial and other companies in Japan	0	0	623	0.2	0	0
Commercial, industrial and other companies in overseas	0	0	7,282	1.3	16	0.0
Loans to Equity method investees	0	0	933	0.7	0	0
Total	¥ 2	0.0	¥12,301	0.2	¥16	0.0

Portfolio segment / Class	Combination - interest rate reduction and term extension	
	Amortized cost basis	% of total class of financing receivable
Consumer borrowers	¥ 138	0.0
Other	138	0.3
Corporate borrowers	14,407	0.8
Non-recourse loans	0	0
The Americas	0	0
Other than non-recourse loans	14,407	1.1
Real estate companies in Japan	0	0
Real estate companies in overseas	1,701	1.3
Commercial, industrial and other companies in Japan	0	0
Commercial, industrial and other companies in overseas	12,706	2.2
Loans to Equity method investees	0	0
Total	¥14,545	0.3

Fiscal Year ended March 31, 2026

Millions of yen

Portfolio segment / Class	Interest rate reduction		Term extension		Principal forgiveness	
	Amortized cost basis	% of total class of financing receivable	Amortized cost basis	% of total class of financing receivable	Amortized cost basis	% of total class of financing receivable
Consumer borrowers	¥ 7	0.0	¥ 15	0.0	¥ 5	0.0
Other	7	0.0	15	0.0	0	0
Corporate borrowers	0	0	8,859	0.5	12	0.0
Other than non-recourse loans	0	0	8,859	0.7	12	0.0
Real estate companies in Japan	0	0	313	0.1	0	0
Commercial, industrial and other companies in Japan	0	0	404	0.2	0	0
Commercial, industrial and other companies in overseas	0	0	8,142	1.5	12	0.0
Net investment in leases	0	0	91	0.0	12	0.0
Japan	0	0	91	0.0	0	0
Overseas	0	0	0	0	12	0.0
Total	¥ 7	0.0	¥8,965	0.2	¥29	0.0

Portfolio segment / Class	Combination - interest rate reduction and term extension		Combination - interest rate reduction, term extension and principal forgiveness	
	Amortized cost basis	% of total class of financing receivable	Amortized cost basis	% of total class of financing receivable
Consumer borrowers	¥ 83	0.0	¥ 0	0
Other	83	0.2	0	0
Corporate borrowers	1,495	0.1	2,620	0.1
Other than non-recourse loans	1,495	0.1	2,620	0.2
Real estate companies in Japan	130	0.0	0	0
Commercial, industrial and other companies in Japan	0	0	0	0
Commercial, industrial and other companies in overseas	1,365	0.3	2,620	0.5
Net investment in leases	0	0	0	0
Japan	0	0	0	0
Overseas	0	0	0	0
Total	¥1,578	0.0	¥2,620	0.1

The Company and its subsidiaries offer various types of concessions to the debtors to protect as much of the investment as possible in modifications of financing receivables made to debtors experiencing financial difficulty. For the debtors of all financing receivables, the Company and its subsidiaries offer concessions including an interest rate reduction and a term extension. In addition, for the debtors of all financing receivables other than non-recourse loans, the Company and its subsidiaries also offer concessions such as a principal forgiveness or a reduction in the interest payments. Furthermore, the Company and its subsidiaries may acquire collateral assets from the debtors in modifications of financing receivables made to debtors experiencing financial difficulty to satisfy fully or partially the loan principal or past due interest.

In common with all portfolio segments, financing receivables modified to debtors experiencing financial difficulty are recognized as impaired and are individually evaluated for allowance for credit losses, taking into account payment default and repayment status after modifications. In most cases, these financing receivables have already been considered impaired and individually evaluated for allowance for credit losses prior to the modifications. However, as a result of the modification, the Company and its subsidiaries may recognize additional allowance for credit losses for the modified receivables.

The following table provides information about the financial effect of the modifications of financing receivables made to debtors experiencing financial difficulty that occurred during fiscal 2024, 2025 and 2026:

	Fiscal Year ended March 31, 2024		
	Millions of yen		
Portfolio segment	Financial effect		
Class	Interest rate reduction	Term extension	Principal forgiveness
Consumer borrowers			
Real estate loans	Reduced weighted-average contractual interest rate from 5.3% to 0.0%.	Added a weighted-average 1.0 years to the life of loans.	Reduced the amortized cost basis of the loans by ¥8 million.
Card loans	Reduced weighted-average contractual interest rate from 12.7% to 0.7%.	Added a weighted-average 0.9 years to the life of loans.	Reduced the amortized cost basis of the loans by ¥185 million.
Other	Reduced weighted-average contractual interest rate from 14.6% to 5.3%.	Added a weighted-average 4.9 years to the life of loans.	Reduced the amortized cost basis of the loans by ¥785 million.
Corporate borrowers			
Non-recourse loans			
The Americas	—	Added a weighted-average 1.0 years to the life of loans.	—
Other than non-recourse loans			
Real estate companies in Japan	—	Added a weighted-average 0.5 years to the life of loans.	—
Commercial, industrial and other companies in Japan	—	Added a weighted-average 1.0 years to the life of loans.	—
Commercial, industrial and other companies in overseas	Reduced weighted-average contractual interest rate from 8.8% to 6.4%.	Added a weighted-average 3.1 years to the life of loans.	Reduced the amortized cost basis of the loans by ¥1,487 million.
Loans to Equity method investees	—	Added a weighted-average 0.6 years to the life of loans.	Reduced the amortized cost basis of the loans by ¥624 million.
Net investment in leases			
Overseas	—	—	Reduced the amortized cost basis of the loans by ¥0 million.

Portfolio segment / Class	Fiscal Year ended March 31, 2025 (Millions of yen) Financial effect: Interest rate reduction	Term extension	Principal forgiveness
Consumer borrowers			
Other	Reduced weighted-average contractual interest rate from 16.5% to 11.8%.	Added a weighted-average 2.4 years to the life of loans.	—
Corporate borrowers			
Non-recourse loans			
The Americas	—	Added a weighted-average 0.2 years to the life of loans.	—
Other than non-recourse loans			
Real estate companies in Japan	—	Added a weighted-average 2.6 years to the life of loans.	—
Real estate companies in overseas	Reduced weighted-average contractual interest rate from 7.9% to 6.5%.	Added a weighted-average 2.5 years to the life of loans.	—
Commercial, industrial and other companies in Japan	—	Added a weighted-average 0.9 years to the life of loans.	—
Commercial, industrial and other companies in overseas	Reduced weighted-average contractual interest rate from 15.2% to 11.8%.	Added a weighted-average 1.1 years to the life of loans.	Reduced the amortized cost basis of the loans by ¥11 million.
Loans to Equity method investees	—	Added a weighted-average 0.5 years to the life of loans.	—

Portfolio segment / Class	Fiscal Year ended March 31, 2026 (Millions of yen) Financial effect: Interest rate reduction	Term extension	Principal forgiveness
Consumer borrowers			
Real estate loans	—	—	Reduced the amortized cost basis of the loans by ¥54 million.
Other	Reduced weighted-average contractual interest rate from 16.4% to 11.6%.	Added a weighted-average 2.5 years to the life of loans.	—
Corporate borrowers			
Other than non-recourse loans			
Real estate companies in Japan	Reduced weighted-average contractual interest rate from 2.7% to 2.4%.	Added a weighted-average 0.5 years to the life of loans.	—
Commercial, industrial and other companies in Japan	—	Added a weighted-average 0.9 years to the life of loans.	—
Commercial, industrial and other companies in overseas	Reduced weighted-average contractual interest rate from 12.1% to 6.0%.	Added a weighted-average 1.6 years to the life of loans.	Reduced the amortized cost basis of the loans by ¥1,405 million.
Net investment in leases			
Japan	—	Added a weighted-average 0.5 years to the life of loans.	—
Overseas	—	—	Reduced the amortized cost basis of the loans by ¥35 million.

The following table provides information about financing receivable that had a payment default and had been modified, when the debtor was experiencing financial difficulty, within the previous 12 months preceding the payment default date during fiscal 2024, 2025 and 2026.

	Fiscal Year ended March 31, 2024					
	Millions of yen					
Portfolio segment / Class	Interest rate reduction	Term extension	Principal forgiveness	Combination - interest rate reduction and term extension	Combination - interest rate reduction and principal forgiveness	Combination - term extension and principal forgiveness
Consumer borrowers	¥ 25	¥ 212	¥ 1	¥ 0	¥ 33	¥ 9
Real estate loans	3	0	0	0	0	0
Card loans	18	0	1	0	28	0
Other	4	212	0	0	5	9
Total	¥ 25	¥ 212	¥ 1	¥ 0	¥ 33	¥ 9

	Fiscal Year ended March 31, 2025					
	Millions of yen					
Portfolio segment / Class	Interest rate reduction	Term extension	Principal forgiveness	Combination - interest rate reduction and term extension	Combination - interest rate reduction and principal forgiveness	Combination - term extension and principal forgiveness
Consumer borrowers	¥ 0	¥ 0	¥ 0	¥ 17	¥ 0	¥ 0
Other	0	0	0	17	0	0
Corporate borrowers	0	0	0	7,620	0	0
Other than non-recourse loans	0	0	0	7,620	0	0
Commercial, industrial and other companies in overseas	0	0	0	7,620	0	0
Total	¥ 0	¥ 0	¥ 0	¥7,637	¥ 0	¥ 0

	Fiscal Year ended March 31, 2026					
	Millions of yen					
Portfolio segment / Class	Interest rate reduction	Term extension	Principal forgiveness	Combination - interest rate reduction and term extension	Combination - interest rate reduction and principal forgiveness	Combination - term extension and principal forgiveness
Corporate borrowers	¥ 0	¥8,142	¥ 0	¥ 0	¥ 0	¥ 0
Other than non-recourse loans	0	8,142	0	0	0	0
Commercial, industrial and other companies in overseas	0	8,142	0	0	0	0
Total	¥ 0	¥8,142	¥ 0	¥ 0	¥ 0	¥ 0

The Company and its subsidiaries consider financing receivables whose terms have been modified to debtors experiencing financial difficulty as defaulted receivables when principal or interest is past-due 90 days or more in accordance with the modified terms.

In common with all portfolio segments, the Company and its subsidiaries suspend accruing interest and may recognize additional allowance for credit losses as necessary for the defaulted receivables.

The following table provides information about the past-due financial assets modified to debtors experiencing financial difficulty within the previous 12 months from March 31, 2024, 2025 and 2026:

	March 31, 2024		
	Millions of yen		
Portfolio segment / Class	Current	30-89 days past-due	90 days or more past-due
Consumer borrowers	¥ 35	¥ 91	¥ 7
Real estate loans	1	0	0
Other	34	91	7
Corporate borrowers	6,140	0	284
Non-recourse loans	1,277	0	0
The Americas	1,277	0	0
Other than non-recourse loans	4,863	0	284
Real estate companies in Japan	37	0	32
Commercial, industrial and other companies in Japan	481	0	230
Commercial, industrial and other companies in overseas	4,345	0	22
Loans to Equity method investees	4,347	0	0
Total	¥10,522	¥ 91	¥ 291

	March 31, 2025		
	Millions of yen		
Portfolio segment / Class	Current	30-89 days past-due	90 days or more past-due
Consumer borrowers	¥ 173	¥ 1	¥ 17
Other	173	1	17
Corporate borrowers	23,857	2,141	45
Non-recourse loans	0	2,141	0
The Americas	0	2,141	0
Other than non-recourse loans	23,857	0	45
Real estate companies in Japan	1,243	0	29
Real estate companies in overseas	1,701	0	0
Commercial, industrial and other companies in Japan	623	0	0
Commercial, industrial and other companies in overseas	20,290	0	16
Loans to Equity method investees	933	0	0
Total	¥24,963	¥2,142	¥ 62

Portfolio segment / Class	March 31, 2026 Millions of yen Current	30-89 days past-due	90 days or more past-due
Consumer borrowers	¥ 105	¥ 0	¥ 5
Real estate loans	0	0	5
Other	105	0	0
Corporate borrowers	12,973	0	12
Other than non-recourse loans	12,973	0	12
Real estate companies in Japan	443	0	0
Commercial, industrial and other companies in Japan	404	0	0
Commercial, industrial and other companies in overseas	12,126	0	12
Net investment in leases	91	0	12
Japan	91	0	0
Overseas	0	0	12
Total	¥13,169	¥ 0	¥ 29

As of March 31, 2025 and 2026, there were no foreclosed residential real estate properties. The carrying amounts of installment loans in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure were ¥79 million and ¥107 million as of March 31, 2025 and 2026, respectively.

9. Investment in Securities

Investment in securities as of March 31, 2025 and 2026 consists of the following:

	Millions of yen 2025	2026
Equity securities *	¥ 626,910	¥ 782,413
Available-for-sale debt securities	2,607,637	2,526,416
Total	¥3,234,547	¥3,308,829

* The amount of assets under management of variable annuity and variable life insurance contracts included in equity securities were ¥132,313 million and ¥137,933 million as of March 31, 2025 and 2026, respectively. The amount of investment funds and others elected the fair value option included in equity securities were ¥24,960 million and ¥24,845 million as of March 31, 2025 and 2026, respectively.

Gains and losses realized from the sale of equity securities and net unrealized holding gains (losses) on equity securities are included in gains on investment securities and dividends, life insurance premiums and related investment income, and write-downs of securities. For further information, see Note 22 “Gains on Investment Securities and Dividends” and Note 23 “Income and Expenses Relating to Life Insurance Operations.” Net unrealized holding gains (losses) on equity securities held as of March 31, 2024, 2025 and 2026 were gains of ¥53,318 million, ¥4,422 million and ¥170,073 million for fiscal 2024, 2025 and 2026, respectively, which did not include net unrealized holding gains (losses) on both investment funds and others above mentioned.

Equity securities include non-marketable equity securities and preferred equity securities, etc. elected for the measurement alternative. Upward or downward adjustments resulting from observable price changes are included in gains on investment securities and dividends and life insurance premiums and related investment income. Impairments are included in write-downs of securities. The following tables provide information about

impairment and upward or downward adjustments resulting from observable price changes as of March 31, 2025 and 2026, and for fiscal 2025 and 2026.

	Millions of yen				
	March 31, 2025			Fiscal Year ended March 31, 2025	
	Carrying value	Accumulated impairments and downward adjustments	Accumulated upward adjustments	Impairments and downward adjustments	Upward adjustments
Equity securities measured using the measurement alternative	¥89,554	¥(16,955)	¥3,643	¥(1,438)	¥1,485

	Millions of yen				
	March 31, 2026			Fiscal Year ended March 31, 2026	
	Carrying value	Accumulated impairments and downward adjustments	Accumulated upward adjustments	Impairments and downward adjustments	Upward adjustments
Equity securities measured using the measurement alternative	¥112,313	¥(17,028)	¥16,071	¥(1,789)	¥13,276

Gains and losses realized from the sale of trading debt securities and net unrealized holding gains (losses) on trading debt securities are included in gains on investment securities and dividends. Net unrealized holding gains (losses) on trading debt securities were losses of ¥96 million during fiscal 2024, respectively. There were no gains or losses recognized on trading debt securities during fiscal 2025 and 2026.

During fiscal 2024, 2025 and 2026, the Company and its subsidiaries sold available-for-sale debt securities for aggregate proceeds of ¥215,674 million, ¥299,890 million and ¥341,135 million, respectively, resulting in gross realized gains of ¥4,137 million, ¥8,499 million and ¥3,732 million, respectively, and gross realized losses of ¥11,090 million, ¥16,517 million and ¥7,709 million, respectively. The cost of the available-for-sale securities or the debt securities sold was based on the average cost of each issue of securities held at the time of the sale.

Certain subsidiaries elected the fair value option for certain investments in investment funds and others included in equity securities whose net asset values do not represent the fair value of investments due to the illiquid nature of these investments. The subsidiaries manage these investments on a fair value basis and the election of the fair value option enables the subsidiaries to reflect more appropriate assumptions to measure the fair value of these investments. As of March 31, 2025 and 2026, these investments were fair valued at ¥24,960 million and ¥24,845 million, respectively.

A certain subsidiary elected the fair value option for investments in foreign government bond securities included in available-for-sale debt securities to mitigate volatility in the consolidated statements of income caused by the difference in recognition of gain or loss that would otherwise exist between the foreign government bond securities and the derivatives used to reduce the risks of fluctuations in market interest rates and exchange rates on these foreign government bond securities. As of March 31, 2025 and 2026, these investments were fair valued at ¥5,379 million and ¥3,024 million, respectively.

A certain subsidiary elected the fair value option for investments in foreign corporate debt securities included in available-for-sale debt securities to mitigate volatility in the consolidated statements of income caused by the difference in recognition of gain or loss that would otherwise exist between the foreign corporate debt securities and the derivatives used to reduce the risks of fluctuations in market interest rates and exchange rates on these foreign corporate debt securities. As of March 31, 2025 and 2026, these investments were fair valued at ¥10,679 million and ¥11,927 million, respectively.

The amortized cost basis amounts, gross unrealized holding gains, gross unrealized holding losses and fair values of available-for-sale debt securities in each major security type as of March 31, 2025 and 2026 are as follows:

March 31, 2025

	Millions of yen				
	Amortized cost	Allowance for credit losses	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale debt securities:					
Japanese and foreign government bond securities	¥1,520,672	¥ 0	¥ 1,325	¥(429,471)	¥1,092,526
Japanese prefectural and foreign municipal bond securities	439,565	(245)	2,408	(34,898)	406,830
Corporate debt securities	906,297	(34)	15,246	(118,964)	802,545
CMBS and RMBS in the Americas	106,578	0	1,053	(880)	106,751
Other asset-backed securities and debt securities	200,924	(391)	5,438	(6,986)	198,985
	¥3,174,036	¥ (670)	¥25,470	¥(591,199)	¥2,607,637

March 31, 2026

	Millions of yen				
	Amortized cost	Allowance for credit losses	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale debt securities:					
Japanese and foreign government bond securities	¥1,651,782	¥ 0	¥ 194	¥(678,091)	¥ 973,885
Japanese prefectural and foreign municipal bond securities	352,338	(798)	6,025	(41,799)	315,766
Corporate debt securities	1,110,521	(64)	24,946	(177,954)	957,449
CMBS and RMBS in the Americas	107,361	(1,927)	555	(557)	105,432
Other asset-backed securities and debt securities	181,136	(716)	5,534	(12,070)	173,884
	¥3,403,138	¥(3,505)	¥37,254	¥(910,471)	¥2,526,416

The following table presents roll-forwards of the allowance for credit losses for fiscal 2024, 2025 and 2026, respectively.

	Millions of yen		
	Fiscal Year ended March 31, 2024		
	Foreign municipal bond securities	Foreign other asset-backed securities and debt securities	Total
Beginning	¥144	¥ 0	¥144
Additions to the allowance for credit losses on available-for-sale debt securities for which credit losses were not previously recorded	80	365	445
Increase (Decrease) from the effects of changes in foreign exchange rates	24	21	45
Ending	¥248	¥ 386	¥634

	Millions of yen			
	Fiscal Year ended March 31, 2025			
	Foreign municipal bond securities	Foreign corporate debt securities	Foreign other asset-backed securities and debt securities	Total
Beginning	¥248	¥ 0	¥ 386	¥ 634
Additions to the allowance for credit losses on available-for-sale debt securities for which credit losses were not previously recorded	0	34	107	141
Additional increases to the allowance for credit losses on available-for-sale debt securities that had an allowance recorded in a previous period	0	0	32	32
Increase (Decrease) from the effects of changes in foreign exchange rates	(3)	0	(134)	(137)
Ending	¥245	¥34	¥ 391	¥ 670

	Millions of yen				
	Fiscal Year ended March 31, 2026				
	Foreign municipal bond securities	Foreign corporate debt securities	CMBS and RMBS in the Americas	Foreign other asset-backed securities and debt securities	Total
Beginning	¥ 245	¥ 34	¥ 0	¥ 391	¥ 670
Additions to the allowance for credit losses on available-for-sale debt securities for which credit losses were not previously recorded	528	31	1,902	266	2,727
Additional increases (decreases) to the allowance for credit losses on AFS debt securities that had an allowance recorded in a previous period, net	0	(1)	0	(694)	(695)
Write-offs charged against the allowance	0	0	0	(40)	(40)
Recoveries of amounts previously written off	0	0	0	755	755
Increase (Decrease) from the effects of changes in foreign exchange rates	25	0	25	38	88
Ending	¥ 798	¥ 64	¥ 1,927	¥ 716	¥3,505

The following tables provide information about available-for-sale debt securities with gross unrealized losses (including allowance for credit losses) and the length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2025 and 2026, respectively:

March 31, 2025

	Millions of yen					
	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale debt securities:						
Japanese and foreign government bond securities	¥132,283	¥ (9,785)	¥ 913,742	¥(419,686)	¥1,046,025	¥(429,471)
Japanese prefectural and foreign municipal bond securities	95,936	(3,409)	224,679	(31,734)	320,615	(35,143)
Corporate debt securities	152,094	(5,196)	427,837	(113,802)	579,931	(118,998)
CMBS and RMBS in the Americas	16,940	(103)	15,817	(777)	32,757	(880)
Other asset-backed securities and debt securities	56,671	(411)	35,183	(6,966)	91,854	(7,377)
	¥453,924	¥(18,904)	¥1,617,258	¥(572,965)	¥2,071,182	¥(591,869)

March 31, 2026

	Millions of yen					
	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale debt securities:						
Japanese and foreign government bond securities	¥ 69,055	¥(11,720)	¥ 897,208	¥(666,371)	¥ 966,263	¥(678,091)
Japanese prefectural and foreign municipal bond securities	76,347	(3,270)	138,277	(39,327)	214,624	(42,597)
Corporate debt securities	128,382	(4,467)	536,002	(173,551)	664,384	(178,018)
CMBS and RMBS in the Americas	38,338	(300)	10,930	(2,184)	49,268	(2,484)
Other asset-backed securities and debt securities	44,823	(1,499)	35,603	(11,287)	80,426	(12,786)
	¥356,945	¥(21,256)	¥1,618,020	¥(892,720)	¥1,974,965	¥(913,976)

The following table provides information about available-for-sale debt securities with gross unrealized losses for which allowance for credit losses were not recorded and the length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2025 and 2026, respectively:

March 31, 2025

	Millions of yen					
	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale debt securities:						
Japanese and foreign government bond securities	¥132,283	¥ (9,785)	¥ 913,742	¥(419,686)	¥1,046,025	¥(429,471)
Japanese prefectural and foreign municipal bond securities	94,691	(3,325)	220,950	(31,573)	315,641	(34,898)
Corporate debt securities	149,367	(5,128)	427,837	(113,802)	577,204	(118,930)
CMBS and RMBS in the Americas	16,940	(103)	15,817	(777)	32,757	(880)
Other asset-backed securities and debt securities	56,671	(340)	34,868	(6,553)	91,539	(6,893)
	¥449,952	¥(18,681)	¥1,613,214	¥(572,391)	¥2,063,166	¥(591,072)

March 31, 2026

	Millions of yen					
	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale debt securities:						
Japanese and foreign government bond securities	¥ 69,055	¥(11,720)	¥ 897,208	¥(666,371)	¥ 966,263	¥(678,091)
Japanese prefectural and foreign municipal bond securities	75,944	(2,735)	133,042	(39,064)	208,986	(41,799)
Corporate debt securities	122,570	(4,347)	536,002	(173,551)	658,572	(177,898)
CMBS and RMBS in the Americas	38,338	(300)	10,930	(257)	49,268	(557)
Other asset-backed securities and debt securities	44,796	(1,319)	34,484	(10,583)	79,280	(11,902)
	¥350,703	¥(20,421)	¥1,611,666	¥(889,826)	¥1,962,369	¥(910,247)

The number of investment securities that were in an unrealized loss position as of March 31, 2025 and 2026 were 1,272 and 1,113, respectively. The gross unrealized losses on these debt securities are attributable to a number of factors including changes in interest rates, credit spreads and market trends.

As of March 31, 2025 and 2026, the amount of accrued interest on available-for-sale debt securities were ¥14,545 million and ¥14,697 million, respectively, which was included in other assets. The Company and its subsidiaries estimate credit losses and develop an allowance for credit losses for accrued interest receivables. There was no allowance for credit losses for accrued interest receivables as of March 31, 2025 and 2026.

For available-for-sale debt securities, if the fair value is less than the amortized cost, the debt securities are impaired. The Company and its subsidiaries identify per each impaired security whether the decline of fair value is due to credit losses component or non-credit losses component. Impairment related to credit losses is recognized in earning through an allowance for credit losses. Impairment related to other factors than credit losses is recognized in other comprehensive income (loss), net of applicable income taxes. In estimating an allowance of credit losses, the Company and its subsidiaries consider the existence of credit losses if the present value of estimated cash flows is less than the amortized cost basis. When the Company and its subsidiaries intend to sell the debt securities for which an allowance for credit losses is previously established or it is more likely than not that the Company and its subsidiaries will be required to sell the debt securities before recovery of the amortized cost basis, the allowance for credit losses is fully written-off and the amortized cost is reduced to the fair value after recognizing additional impairment in earnings. In addition, the Company and its subsidiaries recognize in earnings the full difference between the amortized cost and the fair value of the debt securities by direct write-down, without any allowance for credit losses, if the debt securities are expected to be sold and the fair value is less than the amortized cost.

Credit losses related to available-for-sale debt securities recognized for fiscal 2024 resulted from the respective deterioration of cash flows relating to foreign municipal bond securities and foreign other asset-backed securities and debt securities, as of March 31, 2024. Credit losses related to available-for-sale debt securities recognized for fiscal 2025 resulted from the respective deterioration of the issuers' credit conditions and cash flows relating to foreign corporate debt securities and foreign other asset-backed securities and debt securities, as of March 31, 2025. Credit losses related to available-for-sale debt securities recognized for fiscal 2026 resulted from the respective deterioration of the issuers' credit conditions and cash flows relating to foreign municipal bond securities, foreign corporate debt securities, CMBS and RMBS in the Americas and foreign other asset-backed securities and debt securities, as of March 31, 2026. The evaluation of credit losses with available-for-sale debt securities is compared to the amortized cost of debt securities with the present value of cash flows estimated based on a number of overall conditions, including estimated fair value of the underlying receivables and the repayment priority of the securities. Because the Company and its subsidiaries do not intend to sell the debt security and it is not more likely than not that the Company and its subsidiaries will be required to sell the debt security before recovery of its amortized cost basis, the Company and its subsidiaries recognized the allowance for credit losses.

Unrealized losses on available-for-sale debt securities mainly result from changes in market interest rates and foreign exchange rates, and changes in risk premiums. In order to evaluate the recoverability of the available-for-sale debt securities, the Company and its subsidiaries utilize all available information such as an issuer's financial condition and business outlook. The fair value of Japanese and foreign government bond securities, Japanese prefectural and foreign municipal bond, and corporate debt securities is mainly estimated based on prices for similar assets. If there are no prices for similar assets available, the fair value of these securities is estimated by using discounted cash flow methodologies and broker quotes. The fair value of CMBS and RMBS in the Americas and other asset-backed securities and debt securities refers to prices from independent pricing service vendors and brokers, such as trading prices and bit prices. If the Company and its subsidiaries cannot rely on such prices, the fair value is calculated by using discounted cash flow methodologies and broker quotes. In discounted cash flow methodologies, future cash flows estimated based on a number of assumptions such as default rate, prepayment rate, and seniority are discounted by discount rate adjusted for credit risk and liquidity risk.

The following is a summary of the contractual maturities of available-for-sale debt securities as of March 31, 2026:

Available-for-sale debt securities held as of March 31, 2026

	Millions of yen	
	Amortized cost	Fair value
Due within one year	¥ 55,891	¥ 57,667
Due after one to five years	418,096	402,973
Due after five to ten years	337,992	343,359
Due after ten years	2,591,159	1,722,417
	¥3,403,138	¥2,526,416

Debt securities not due at a single maturity date, such as mortgage-backed securities, are included in the above table based on their final maturities.

Certain borrowers may have the right to call or prepay obligations. This right may cause actual maturities to differ from the contractual maturities summarized above.

Included in finance revenues in the consolidated statements of income is interest income on investment securities of ¥26,331 million, ¥29,140 million and ¥37,814 million for fiscal 2024, 2025 and 2026, respectively.

There were no available-for-sale debt securities accounted for as purchased credit deterioration financial assets acquired during fiscal 2025 and 2026.

10. Transfer of Financial Assets

The Company and its subsidiaries have securitized and transferred financial assets such as installment loans (commercial mortgage loans, housing loans and other).

In the securitization process, these financial assets are transferred to SPEs that issue beneficial interests of the securitization trusts and securities backed by the financial assets to investors. The cash flows collected from these assets transferred to the SPEs are then used to repay these asset-backed beneficial interests and securities. As the transferred assets are isolated from the Company and its subsidiaries, the investors and the SPEs have no recourse to other assets of the Company and its subsidiaries in cases where the debtors or the issuers of the transferred financial assets fail to perform under the original terms of those financial assets.

The Company and its subsidiaries often have continuing involvement with transferred financial assets by retaining the servicing arrangements and the interests in the SPEs in the form of the beneficial interest of the securitization trusts. Those interests that continue to be held include interests in the transferred assets and are often subordinate to other tranche(s) of the securitization. Those beneficial interests that continue to be held by the Company and its subsidiaries are subject to credit risk, interest rate risk and prepayment risk on the securitized financial assets. With regards to these subordinated interests that the Company and its subsidiaries retain, they are subordinated to the senior investments and are exposed to different credit and prepayment risks, since they first absorb the risk of the decline in the cash flows from the financial assets transferred to the SPEs for defaults and prepayment of the transferred assets. If there is any excess cash remaining in the SPEs after payment to investors in the securitization of the contractual rate of returns, most of such excess cash is

distributed to the Company and its subsidiaries for payments of the subordinated interests. SPEs used in securitization transactions have been consolidated if the Company and its subsidiaries are the primary beneficiary of the SPEs.

When the Company and its subsidiaries have transferred financial assets to a transferee that is not subject to consolidation, the Company and its subsidiaries account for the transfer as a sale if control over the transferred assets is surrendered.

During fiscal 2024, 2025 and 2026, the amount of installment loans that has been derecognized due to new securitization and transfer of loans were ¥795,328 million, ¥782,613 million and ¥1,048,527 million, respectively. For fiscal 2024, 2025 and 2026, gains (losses) from the securitization and transfer of loans were ¥14,622 million, ¥17,057 million and ¥20,026 million, respectively, which is included in finance revenues in the consolidated statements of income.

A certain subsidiary originates and sells loans into the secondary market while retaining the obligation to service those loans. In addition, the subsidiary undertakes obligations to service loans originated by others. The servicing assets related to those servicing activities are included in other assets in the consolidated balance sheets and roll-forwards of the amount of the servicing assets during fiscal 2025 and 2026 are as follows:

	Millions of yen	
	2025	2026
Beginning balance	¥ 79,723	¥ 76,456
Increase mainly from loans sold with servicing retained	8,485	12,149
Decrease mainly from amortization	(10,829)	(11,514)
Increase (Decrease) from the effects of changes in foreign exchange rates	(923)	5,335
Ending balance	¥ 76,456	¥ 82,426

The fair value of the servicing assets as of March 31, 2025 and 2026 are as follows:

	Millions of yen	
	March 31, 2025	March 31, 2026
Beginning balance	¥122,641	¥116,745
Ending balance	¥116,745	¥127,593

11. Variable Interest Entities

The Company and its subsidiaries use SPEs in the ordinary course of business.

These SPEs are not always controlled by voting rights, and there are cases where voting rights do not exist for these SPEs. The Company and its subsidiaries determine a variable interest entity (hereinafter, "VIE") among those SPEs when (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support provided by any parties, including the equity holders or (b) as a group, the holders of the equity investment at risk do not have (1) the ability to make decisions about an entity's activities that most significantly impact the entity's economic performance through voting rights or similar rights, (2) the obligation to absorb the expected losses of the entity or (3) the right to receive the expected residual returns of the entity.

The Company and its subsidiaries perform a qualitative analysis to identify the primary beneficiary of VIEs. An enterprise that has both of the following characteristics is considered to be the primary beneficiary and therefore results in the consolidation of the VIE:

- the power to direct the activities of a VIE that most significantly impact the entity's economic performance; and
- the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE.

All facts and circumstances are taken into consideration when determining whether the Company and its subsidiaries have variable interests that would deem it the primary beneficiary and therefore require consolidation of the VIE. The Company and its subsidiaries make ongoing reassessment of whether they are the primary beneficiaries of a VIE.

The following are the factors that the Company and its subsidiaries are considering in a qualitative assessment:

- which activities most significantly impact the economic performance of the VIE and who has the power to direct such activities;
- characteristics of the Company and its subsidiaries' variable interest or interests and other involvements (including involvement of related parties and de facto agents);
- involvement of other variable interest holders; and
- the entity's purpose and design, including the risks that the entity was designed to create and pass through to its variable interest holders.

The Company and its subsidiaries generally consider the following types of involvement to be significant when determining the primary beneficiary:

- designing the structuring of a transaction;
- providing an equity investment and debt financing;
- being the investment manager, asset manager or servicer and receiving variable fees; and
- providing liquidity and other financial support.

The Company and its subsidiaries do not have the power to direct activities of a VIE that most significantly impact the VIE's economic performance if that power is shared among multiple unrelated parties, and accordingly do not consolidate such VIE.

Information about VIEs (consolidated and non-consolidated) for the Company and its subsidiaries are as follows:

1. Consolidated VIEs

March 31, 2025

Types of VIEs	Millions of yen			
	Total assets*1	Total liabilities*1	Assets which are pledged as collateral*2	Commitments*3
(a) VIEs for acquisition of real estate and real estate development projects for customers	¥ 0	¥ 0	¥ 0	¥ 0
(b) VIEs for acquisition of real estate for the Company and its subsidiaries' real estate-related business	51,025	10,956	16,769	0
(c) VIEs for corporate rehabilitation support business	5,069	8	0	0
(d) VIEs for investment in securities	225,040	111	0	85,069
(e) VIEs for securitizing financial assets such as finance lease receivable and loan receivable	85,765	66,914	85,765	0
(f) VIEs for securitization of loan receivable originated by third parties	0	0	0	0
(g) VIEs for power generation projects	112,360	76,429	105,499	56,959
(h) Other VIEs	146,801	65,311	135,064	0
Total	¥626,060	¥219,729	¥343,097	¥142,028

March 31, 2026

Types of VIEs	Millions of yen			
	Total assets*1	Total liabilities*1	Assets which are pledged as collateral*2	Commitments*3
(a) VIEs for acquisition of real estate and real estate development projects for customers	¥ 0	¥ 0	¥ 0	¥ 0
(b) VIEs for acquisition of real estate for the Company and its subsidiaries' real estate-related business	33,144	3,131	0	0
(c) VIEs for corporate rehabilitation support business	0	0	0	0
(d) VIEs for investment in securities	325,307	363	0	326,644
(e) VIEs for securitizing financial assets such as finance lease receivable and loan receivable	46,018	33,286	46,018	0
(f) VIEs for securitization of loan receivable originated by third parties	0	0	0	0
(g) VIEs for power generation projects	121,050	68,964	98,895	38,020
(h) Other VIEs	122,893	56,857	90,833	0
Total	¥648,412	¥162,601	¥235,746	¥364,664

*1 The assets of most VIEs are used only to repay the liabilities of the VIEs, and the creditors of the liabilities of most VIEs have no recourse to other assets of the Company and its subsidiaries.

*2 The assets are pledged as collateral by VIE for financing of the VIE.

*3 This item represents remaining balance of commitments that could require the Company and its subsidiaries to provide investments or loans to the VIE.

2. Non-consolidated VIEs

March 31, 2025

	Millions of yen			
		Carrying amount of the variable interests in the VIEs held by the Company and its subsidiaries		
Types of VIEs	Total assets	Non-recourse loans	Investments	Maximum exposure to loss *
(a) VIEs for acquisition of real estate and real estate development projects for customers	¥ 1,859,420	¥132,495	¥ 11,224	¥149,602
(b) VIEs for acquisition of real estate for the Company and its subsidiaries' real estate-related business	0	0	0	0
(c) VIEs for corporate rehabilitation support business	0	0	0	0
(d) VIEs for investment in securities	32,105,994	0	272,927	375,942
(e) VIEs for securitizing financial assets such as finance lease receivable and loan receivable	0	0	0	0
(f) VIEs for securitization of loan receivable originated by third parties	760,293	0	16,437	16,437
(g) VIEs for power generation projects	19,499	0	3,945	5,195
(h) Other VIEs	2,914,618	3,732	51,661	75,479
Total	¥37,659,824	¥136,227	¥356,194	¥622,655

March 31, 2026

	Millions of yen			
		Carrying amount of the variable interests in the VIEs held by the Company and its subsidiaries		
Types of VIEs	Total assets	Non-recourse loans	Investments	Maximum exposure to loss *
(a) VIEs for acquisition of real estate and real estate development projects for customers	¥ 2,402,850	¥193,594	¥ 13,854	¥224,253
(b) VIEs for acquisition of real estate for the Company and its subsidiaries' real estate-related business	0	0	0	0
(c) VIEs for corporate rehabilitation support business	0	0	0	0
(d) VIEs for investment in securities	44,644,882	0	384,074	503,326
(e) VIEs for securitizing financial assets such as finance lease receivable and loan receivable	5,038	0	2,859	2,859
(f) VIEs for securitization of loan receivable originated by third parties	651,109	0	16,876	16,876
(g) VIEs for power generation projects	24,427	0	5,076	5,076
(h) Other VIEs	4,143,697	0	50,534	70,586
Total	¥51,872,003	¥193,594	¥473,273	¥822,976

* Maximum exposure to loss includes remaining balance of commitments that could require the Company and its subsidiaries to provide investments or loans to the VIE.

(a) VIEs for acquisition of real estate and real estate development projects for customers

Customers and the Company and its subsidiaries are involved with VIEs formed to acquire real estate and/or develop real estate projects. In each case, a customer establishes and makes an equity investment in a VIE that is designed to be bankruptcy remote from the customer. The VIEs acquire real estate and/or develop real estate projects.

With respect to variable interests of non-consolidated VIEs held by the Company and its subsidiaries, non-recourse loans are included in installment loans, and investments are mainly included in investment in securities, equity method investments and other assets in the Company's consolidated balance sheets. The Company and its subsidiaries concluded that the VIEs are not consolidated because the power to direct these VIEs is held by unrelated parties. In some cases, the Company and its subsidiaries concluded that the VIEs are not consolidated because the power to direct these VIEs is shared among multiple unrelated parties. Certain subsidiaries have commitment agreements by which the Company and its subsidiaries may be required to make additional investment in certain such non-consolidated VIEs.

(b) VIEs for acquisition of real estate for the Company and its subsidiaries' real estate-related business

The Company and its subsidiaries establish VIEs and acquire real estate to borrow non-recourse loans from financial institutions and simplify the administration activities necessary for the real estate.

The Company and its subsidiaries consolidate such VIEs even though the Company and its subsidiaries may not have voting rights if substantially all of such VIEs' subordinated interests are issued to the Company and its subsidiaries, and therefore the VIEs are controlled by and for the benefit of the Company and its subsidiaries.

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in cash and cash equivalents, restricted cash, investment in operating leases, investment in securities, property under facility operations and other assets, and liabilities of those consolidated VIEs are mainly included in long-term debt and other liabilities.

(c) VIEs for corporate rehabilitation support business

Financial institutions, the Company and its subsidiaries are involved with VIEs established for the corporate rehabilitation support business. VIEs receive the funds from investors including the financial institutions, the Company and the subsidiary, and purchase loan receivables due from borrowers which have financial problems, but are deemed to have the potential to recover in the future. The servicing operations for the VIEs are conducted by the subsidiary.

The Company and its subsidiaries consolidated such VIEs since the Company and its subsidiaries have the majority of the investment share of such VIEs, and have the power to direct the activities of the VIEs that most significantly impact the entities' economic performance through the servicing operations.

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in installment loans, and liabilities of those consolidated VIEs are mainly included in other liabilities.

(d) VIEs for investment in securities

The Company and its subsidiaries have interests in VIEs that are investment funds and mainly invest in equity and debt securities. Such VIEs are managed by certain subsidiaries or fund management companies that are independent of the Company and its subsidiaries.

Certain subsidiaries consolidated certain such VIEs since the subsidiaries have the majority of the investment share of them, and have the power to direct the activities of those VIEs that most significantly impact the entities' economic performance through involvement with the design of the VIEs or other means.

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in investment in securities, and liabilities of those consolidated VIEs are mainly included in trade notes, accounts and other payable and other liabilities. The Company and certain subsidiaries have commitment agreements by which the Company and the subsidiaries may be required to make additional investment or execute loans in certain such consolidated VIEs.

Variable interests of non-consolidated VIEs, which the Company and its subsidiaries have, are included in investment in securities and equity method investments in the Company's consolidated balance sheets. The Company and its subsidiaries have commitment agreements by which the Company and its subsidiaries may be required to make additional investment in certain such non-consolidated VIEs.

(e) VIEs for securitizing financial assets such as finance lease receivable and loan receivable

The Company and its subsidiaries use VIEs to securitize financial assets such as loan receivables. In the securitization process, these financial assets are transferred to SPEs, and the SPEs issue beneficial interests or securities backed by the transferred financial assets to investors. After the securitization, the Company and its subsidiaries continue to hold a subordinated part of the securities and act as a servicer.

The Company and its subsidiaries consolidated such VIEs since the Company and its subsidiaries have the power to direct the activities that most significantly impact the entity's economic performance by designing the securitization scheme and conducting servicing activities, and have a responsibility to absorb losses of the VIEs that could potentially be significant to the entities by retaining the subordinated part of the securities.

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in restricted cash, net investment in leases and installment loans, and liabilities of those consolidated VIEs are mainly included in long-term debt.

Variable interests of non-consolidated VIEs, which the Company has, are included in installment loans in the Company's consolidated balance sheets.

(f) VIEs for securitization of loan receivable originated by third parties

The Company and its subsidiaries invest in CMBS, RMBS and other asset-backed securities originated by third parties. In some cases of such securitization, certain subsidiaries hold the subordinated portion.

Variable interests of non-consolidated VIEs, which the Company and its subsidiaries have, are included in investment in securities in the Company's consolidated balance sheets.

(g) VIEs for power generation projects

The Company and its subsidiaries may use VIEs in power generation projects. VIEs receive the funds from the Company and its subsidiaries, construct solar power stations on acquired or leased lands, and sell the generated

power to electric power companies. The Company and its subsidiaries have consolidated certain VIEs because the Company and its subsidiaries have the majority of the investment shares of such VIEs and effectively control the VIEs by acting as the asset manager of the VIEs.

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in cash and cash equivalents, restricted cash, property under facility operations and other assets, and liabilities of those consolidated VIEs are mainly included in long-term debt and other liabilities. The Company and certain subsidiaries have commitment agreements by which the Company and the subsidiaries may be required to make additional investment or execute loans in certain such consolidated VIEs.

Variable interests of non-consolidated VIEs, which the Company has, are included in equity method investments in the Company's consolidated balance sheets. The Company has commitment agreements by which the Company may be required to make additional investment in certain such non-consolidated VIEs.

(h) Other VIEs

The Company and its subsidiaries are involved with other types of VIEs for various purposes. Consolidated and non-consolidated VIEs of this category are mainly kumiai structures. In addition, certain subsidiaries have consolidated VIEs that are not included in the categories (a) through (g) above, because the subsidiaries hold the subordinated portion of the VIEs and the VIEs are effectively controlled by the subsidiaries.

In Japan, certain subsidiaries provide investment products to their customers that employ a contractual mechanism known as a kumiai, which in part result in the subsidiaries forming a type of SPEs. As a way to finance the purchase of aircraft or other large-ticket items to be leased to third parties, the Company and its subsidiaries arrange and market kumiai products to investors, who invest a portion of the funds necessary into the kumiai structure. The remainder of the purchase funds is borrowed by the kumiai structure in the form of a non-recourse loan from one or more financial institutions. The kumiai investors (and any lenders to the kumiai structure) retain all of the economic risks and rewards in connection with purchasing and leasing activities of the kumiai structure, and all related gains or losses are recorded on the financial statements of the investors in the kumiai. The Company and its subsidiaries are responsible for the arrangement and marketing of these products and may act as servicer or administrator in kumiai transactions. The fee income for the arrangement and administration of these transactions is recognized in the Company's consolidated statements of income. In some cases, the Company and its subsidiaries make investments in the kumiai or its related SPEs, and these VIEs are consolidated because the Company and its subsidiaries have a responsibility to absorb any significant potential loss through the investments and have the power to direct the activities that most significantly impact their economic performance. In other cases, the Company and its subsidiaries are not considered to be the primary beneficiary of the VIEs or kumiais because the Company and its subsidiaries did not make significant investments or guarantee or otherwise undertake any significant financial commitments or exposure with respect to the kumiai or its related SPEs.

The Company may use VIEs for financing. The Company transfers its own held assets to SPEs, which borrow non-recourse loan from financial institutions and effectively pledge such assets as collateral. The Company continually holds subordinated interests in the SPEs and performs administrative work of such assets. The Company consolidates such SPEs because the Company has a right to direct the activities of them that most significantly impact their economic performance by setting up the scheme and performing administrative work of the assets and has the obligation to absorb expected losses of them by holding the subordinated interests.

In the Company's consolidated balance sheets, assets of the consolidated VIEs are mainly included in investment in operating leases, equity method investments and office facilities, and liabilities of those consolidated VIEs are mainly included in long-term debt and other liabilities.

With respect to variable interests of non-consolidated VIEs held by the Company and its subsidiaries, non-recourse loans are included in installment loans, and investments are mainly included in investment in securities and equity method investments in the Company's consolidated balance sheets. Certain subsidiaries have commitment agreements by which the Company and its subsidiaries may be required to make additional investment in certain such non-consolidated VIEs.

12. Equity method investments

Equity method investments at March 31, 2025 and 2026 consists of the following:

	Millions of yen	
	2025	2026
Investment in corporate entities	¥ 973,795	¥ 868,090
Investment in real estate joint ventures	137,274	127,528
Investment in partnerships and other investments	208,946	310,694
	¥1,320,015	¥1,306,312

Certain equity method investees are listed on stock exchanges. The aggregate investment in and quoted market value of those equity method investees amounted to ¥107,524 million and ¥107,466 million, respectively, as of March 31, 2025 and ¥110,714 million and ¥112,537 million, respectively, as of March 31, 2026.

In fiscal 2024, 2025 and 2026, the Company and its subsidiaries received dividends from equity method investees of ¥25,820 million, ¥30,151 million and ¥55,535 million, respectively.

In the Company's consolidated balance sheets, the book value of equity method investments over the underlying equity in the net assets of such equity method investees as of date of the most recent available financial statements of the investees were ¥127,779 million and ¥42,600 million as of March 31, 2025 and 2026, respectively. The basis differences mainly consist of goodwill and fair value adjustments for fixed assets. The basis differences would be amortized and adjusted for impairment, if any, and the changes in the differences are included in equity in net income (loss) of equity method investments.

Companies comprising a significant portion of investment in corporate entities were Kansai Airports (40% of equity share), DOCOMO Finance, Inc. (34% of equity share) and Avolon Holdings Limited (30% of equity share) as of March 31, 2025 and 2026.

Summarized financial information relating to the equity method investees for fiscal 2024, 2025 and 2026 is as follows (some operation data for entities reflect only the period since the Company and its subsidiaries made the investment and on a lag basis):

In fiscal 2026, TB Investment Limited Partnership (the "Partnership", 20% of equity share) represents a significant portion of the Company' equity method investments. Accordingly, the Partnership is presented separately from all other equity method investees. The Company applies a three-month reporting lag in recognizing its share of the results of the Partnership. Accordingly, the summarized financial information for fiscal 2026 is presented as of December 31, 2025.

Summarized financial information relating to TB Investment Limited Partnership

	Millions of yen		
	2024	2025	2026
Operations:			
Total revenues	¥ 759,042	¥3,506,193	¥3,558,900
Income before income taxes	(76,343)	174,744	613,324
Net income	(70,020)	76,819	340,103
Financial position:			
Total assets	¥4,429,618	¥4,694,585	¥4,839,652
Total liabilities	3,157,087	3,652,131	3,331,150
Total equity	1,272,531	1,042,454	1,508,502

Summarized financial information relating to all other equity method investees

	Millions of yen		
	2024	2025	2026
Operations:			
Total revenues	¥ 2,112,692	¥ 2,293,309	¥ 2,215,250
Income before income taxes	343,309	432,759	743,907
Net income	268,026	343,938	674,849
Financial position:			
Total assets	¥22,259,744	¥23,580,665	¥22,236,185
Total liabilities	14,021,875	15,209,476	13,678,221
Total equity	8,237,869	8,371,189	8,557,964

For information about significant transactions between the Company and its subsidiaries, and equity method investees except as described above, see Note 7 “Installment Loans” and Note 31 “Commitments, Guarantees and Contingent Liabilities.”

13. Goodwill and Other Intangible Assets

Changes in goodwill by reportable segment for fiscal 2024, 2025 and 2026 are as follows:

	Millions of yen					
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit
Balance at March 31, 2023						
Goodwill	¥15,954	¥16,359	¥206,751	¥58,207	¥5,015	¥ 10,971
Accumulated impairment losses	(849)	(191)	0	(39)	(371)	0
	15,105	16,168	206,751	58,168	4,644	10,971
Acquired	0	0	4,241	0	0	0
Impairment	0	0	0	0	0	0
Other (net) *	(54)	0	(35,556)	6,840	(192)	(10,971)
Balance at March 31, 2024						
Goodwill	15,900	16,359	175,436	65,047	4,823	0
Accumulated impairment losses	(849)	(191)	0	(39)	(371)	0
	15,051	16,168	175,436	65,008	4,452	0
Acquired	31	0	7,849	0	0	0
Impairment	0	0	(5,520)	0	0	0
Other (net) *	(1,699)	0	(10,623)	3,220	0	0
Balance at March 31, 2025						
Goodwill	13,682	16,359	172,662	68,267	4,452	0
Accumulated impairment losses	(299)	(191)	(5,520)	(39)	0	0
	13,383	16,168	167,142	68,228	4,452	0
Acquired	0	0	15,487	185	0	0
Impairment	0	0	0	0	0	0
Other (net) *	(168)	0	313	8,014	0	0
Balance at March 31, 2026						
Goodwill	13,502	16,359	188,462	76,466	4,452	0
Accumulated impairment losses	(287)	(191)	(5,520)	(39)	0	0
	¥13,215	¥16,168	¥182,942	¥76,427	¥4,452	¥ 0

ORIX Corporation and Subsidiaries

	Millions of yen					
	Aircraft and Ships	ORIX USA	ORIX Europe	Asia and Australia	Corporate	Total
Balance at March 31, 2023						
Goodwill	¥ 587	¥153,076	¥158,588	¥ 8,213	¥ 278	¥633,999
Accumulated impairment losses	(587)	(1,494)	0	(2,785)	0	(6,316)
	0	151,582	158,588	5,428	278	627,683
Acquired	0	0	0	0	0	4,241
Impairment	0	0	0	0	0	0
Other (net) *	0	20,298	18,927	554	0	(154)
Balance at March 31, 2024						
Goodwill	587	173,374	177,515	8,767	278	638,086
Accumulated impairment losses	(587)	(1,494)	0	(2,785)	0	(6,316)
	0	171,880	177,515	5,982	278	631,770
Acquired	1,201	0	0	0	0	9,081
Impairment	0	(1,175)	0	0	0	(6,695)
Other (net) *	0	(2,146)	(907)	(143)	0	(12,298)
Balance at March 31, 2025						
Goodwill	1,788	169,734	176,608	8,624	278	632,454
Accumulated impairment losses	(587)	(1,175)	0	(2,785)	0	(10,596)
	1,201	168,559	176,608	5,839	278	621,858
Acquired	0	135,302	0	0	0	150,974
Impairment	0	(52,738)	0	0	(278)	(53,016)
Other (net) *	326	22,517	22,499	275	0	53,776
Balance at March 31, 2026						
Goodwill	1,527	326,378	199,107	8,899	278	835,430
Accumulated impairment losses	0	(52,738)	0	(2,785)	(278)	(61,838)
	¥1,527	¥273,640	¥199,107	¥ 6,114	¥ 0	¥773,592

* Other (net) includes foreign currency translation adjustments, decreases due to sale of ownership interest in subsidiaries and certain other reclassifications.

As a result of the impairment test, the Company and its subsidiaries recognized no impairment losses on goodwill during fiscal 2024. The Company and its subsidiaries recognized impairment losses on goodwill of ¥5,520 million in PE Investment and Concession segment, and ¥1,175 million in ORIX USA segment during fiscal 2025. The Company and its subsidiaries recognized impairment losses on goodwill of \52,738 million in ORIX USA segment, and \278 million in Corporate segment during fiscal 2026. These impairment losses are accounted in other (income) and expense. The fair values of these reporting units were measured using mainly discounted cash flow methodologies and business enterprise value multiples methodologies.

Other intangible assets at March 31, 2025 and 2026 consist of the following:

	Millions of yen	
	2025	2026
Indefinite-lived intangible assets:		
Trademarks and trade names	¥ 124,924	¥ 127,921
Asset management contracts	55,740	62,909
Others	11,657	19,582
	192,321	210,412
Intangible assets subject to amortization:		
Software	150,479	169,220
Customer relationships	186,862	219,299
Asset management contracts	119,157	134,543
Others	152,925	157,533
	609,423	680,595
Accumulated amortization	(276,333)	(314,941)
Net	333,090	365,654
	¥ 525,411	¥ 576,066

The aggregate amortization expenses for intangible assets are ¥39,213 million, ¥41,402 million and ¥41,402 million in fiscal 2024, 2025 and 2026, respectively.

The estimated amortization expenses for each of five succeeding fiscal years are ¥45,089 million in fiscal 2027, ¥42,282 million in fiscal 2028, ¥39,024 million in fiscal 2029, ¥34,053 million in fiscal 2030 and ¥29,820 million in fiscal 2031, respectively.

Intangible assets subject to amortization increased during fiscal 2026 are ¥104,248 million. They mainly consist of ¥22,397 million of software, ¥24,031 million of customer relationships and ¥45,738 million of maintenance intangible assets for acquired aircraft recognized in acquisitions included in others. The weighted average amortization periods for the software, customer relationships and maintenance intangible assets for acquired aircraft recognized in acquisitions are 5 years, 10 years and 6 years, respectively.

As a result of the impairment test, the Company and its subsidiaries recognized impairment losses of ¥24 million on intangible assets included in PE Investment and Concession segment, ¥87 million on intangible assets included in Environment and Energy segment, and ¥37 million on intangible assets included in Asia and Australia segment during fiscal 2024, and these impairment losses were included in selling, general and administrative expenses in the consolidated statements of income. The Company and its subsidiaries recognized impairment losses of ¥5,629 million on intangible assets included in PE Investment and Concession segment, ¥1,971 million on intangible assets included in ORIX Europe segment during fiscal 2025, and these impairment losses were included in other (income) and expenses in the consolidated statements of income, and recognized impairment losses of ¥148 million on intangible assets included in PE Investment and Concession segment, and ¥84 million on intangible assets included in Banking and Credit segment during fiscal 2025, and these impairment losses were included in selling, general and administrative expenses in the consolidated statements of income. The Company and its subsidiaries recognized impairment losses of ¥1,092 million on intangible assets included in PE Investment and Concession segment, ¥3,614 million on intangible assets included in Environment and Energy segment during fiscal 2026, and these impairment losses were included in other (income) and expenses in the

consolidated statements of income. These impairment losses are recognized due to the reduction in the estimated future cash flow, which brought the fair values of the intangible assets below their carrying amount. The fair values of these intangible assets were measured using mainly excess multi-period earnings methodologies.

14. Short-Term and Long-Term Debt

Short-term debt consists of borrowings from financial institutions, commercial paper and others.

The composition of short-term debt and the weighted average contract interest rate on short-term debt at March 31, 2025 and 2026 are as follows:

March 31, 2025

	Millions of yen	Weighted average rate
Short-term debt in Japan, mainly from banks	¥181,835	0.7%
Short-term debt outside Japan, mainly from banks	279,631	5.5
Commercial paper outside Japan	7,588	2.9
Secured borrowings on securities lending transactions	80,626	2.3
	¥549,680	3.4

March 31, 2026

	Millions of yen	Weighted average rate
Short-term debt in Japan, mainly from banks	¥131,655	1.3%
Short-term debt outside Japan, mainly from banks	329,499	3.9
Commercial paper outside Japan	3,986	2.0
Secured borrowings on securities lending transactions	107,095	2.6
	¥572,235	3.1

The composition of long-term debt, the weighted average contract interest rate on long-term debt and the repayment due dates at March 31, 2025 and 2026 are as follows:

March 31, 2025

	Due (Fiscal Year)	Millions of yen	Weighted average rate
Banks:			
Fixed rate	2026~2083	¥ 799,933	1.7%
Floating rate	2026~2077	2,614,936	3.3
Insurance companies and others:			
Fixed rate	2026~2083	353,890	0.9
Floating rate	2026~2077	262,346	2.2
Unsecured bonds	2026~2081	1,251,120	2.1
Unsecured notes under medium-term note program	2026~2032	387,316	3.8
Payables under securitized lease receivables	2026~2026	13,565	0.1
Payables under securitized loan receivables and investment in securities	2026~2044	50,012	5.0
		¥5,733,118	2.7

March 31, 2026

	Due (Fiscal Year)	Millions of yen	Weighted average rate
Banks:			
Fixed rate	2027~2083	¥ 878,490	1.9%
Floating rate	2027~2050	2,627,671	3.3
Insurance companies and others:			
Fixed rate	2027~2083	346,407	1.1
Floating rate	2027~2038	265,825	2.4
Unsecured bonds	2027~2081	1,358,146	2.8
Unsecured notes under medium-term note program	2027~2032	458,255	3.9
Payables under securitized lease receivables	2027~2028	12,291	0.1
Payables under securitized loan receivables and investment in securities	2027~2044	18,674	2.4
		¥5,965,759	2.8

The repayment schedule for the next five years and thereafter for long-term debt at March 31, 2026 is as follows:

Years ending March 31,	Millions of yen
2027	¥1,032,088
2028	967,289
2029	999,338
2030	808,330
2031	702,692
Thereafter	1,456,022
Total	¥5,965,759

Borrowings with fixed rate from banks, insurance companies and others include the amount of ¥44,000 million of subordinated syndicated loan (hybrid loan). Out of this amount, ¥10,000 million was executed in fiscal 2022, and will mature in fiscal 2082 and may be redeemed after 5 years from the execution. ¥34,000 million was executed in fiscal 2023, and will mature in fiscal 2083 and may be redeemed after 5 years from the execution.

Unsecured bonds include the amount of ¥160,000 million of unsecured subordinated bonds with interest payment deferrable clauses and optional early redemption conditions (hybrid bonds). This amount consists of:

- ¥40,000 million issued in fiscal 2020, maturing in fiscal 2080, with optional early redemption on or after March 2030;
- ¥21,000 million issued in fiscal 2021, maturing in fiscal 2081, with optional early redemption on or after March 2031;
- ¥60,000 million issued in fiscal 2025, maturing in fiscal 2060, with optional early redemption on or after March 2030; and
- ¥39,000 million issued in fiscal 2026, maturing in fiscal 2061, with optional early redemption on or after March 2031.

For borrowings from banks, insurance companies and other financial institutions, for bonds, and for medium-term notes, principal repayments are usually made upon maturity of the loan contracts and interest payments are usually paid semi-annually.

During fiscal 2024, 2025 and 2026, the Company and certain subsidiaries recognized net amortization expenses of premiums and discounts of bonds and medium-term notes, and deferred issuance costs of bonds and medium-term notes in the amount of ¥1,247 million, ¥1,455 million and ¥1,578 million, respectively.

Total committed credit lines for the Company and its subsidiaries were ¥795,634 million and ¥1,034,156 million at March 31, 2025 and 2026, respectively, and, of these lines, ¥598,079 million and ¥753,645 million were available at March 31, 2025 and 2026, respectively. Of the available committed credit lines, ¥502,177 million and ¥639,552 million were long-term committed credit lines at March 31, 2025 and 2026, respectively.

The agreements related to debt payable to banks provide that the banks under certain circumstances may request additional security for loans and have the right to offset cash deposited against any short-term or long-term debt that becomes due and, in case of default and certain other specified events, against all other debt payable to the banks.

Other than the assets of the consolidated VIEs pledged as collateral for financing (see Note 11 "Variable Interest Entities"), the Company and certain subsidiaries provide the following assets as collateral for the short-term and long-term debt payables to financial institutions as of March 31, 2026:

	Millions of yen
Lease payments, loans and investment in operating leases	¥201,058
Investment in securities	228,300
Property under facility operations	313,841
Other assets and other	145,612
	¥888,811

As of March 31, 2026, debt liabilities were secured by shares of subsidiaries of ¥198,764 million, which were eliminated through consolidation adjustment, and debt liabilities of equity method investees were secured by equity method investments of ¥149,119 million. As of March 31, 2026, debt liabilities were secured by loans to subsidiaries, which were eliminated through consolidation adjustment, of ¥7,922 million. In addition, ¥404,097 million was pledged primarily by investment in securities for collateral deposits and deposits for real estate transaction as of March 31, 2026.

Under loan agreements relating to short-term and long-term debt from commercial banks and certain insurance companies, the Company and certain subsidiaries are required to provide collateral against these debts at any time if requested by the lenders. The Company and the subsidiaries did not receive any such requests from the lenders as of March 31, 2026.

15. Deposits

Deposits at March 31, 2025 and 2026 consist of the following:

	Millions of yen	
	2025	2026
Time deposits	¥2,073,007	¥2,315,820
Other deposits	376,805	309,736
Total	¥2,449,812	¥2,625,556

The balances of time deposits and certificates of deposit issued in amounts of ¥10 million or more were ¥1,082,224 million and ¥1,138,583 million at March 31, 2025 and 2026, respectively.

The maturity schedule of time deposits at March 31, 2026 is as follows:

Years ending March 31,	Millions of yen
2027	¥1,538,991
2028	157,040
2029	75,999
2030	176,685
2031	321,836
Thereafter	45,269
Total	¥2,315,820

16. Income Taxes

Income before income taxes and the provision for income taxes in fiscal 2024, 2025 and 2026 are as follows:

	Millions of yen		
	2024	2025	2026
Income before income taxes:			
Japan	¥298,321	¥307,830	¥496,631
Overseas	171,654	172,633	194,800
	¥469,975	¥480,463	¥691,431
Provision for income taxes:			
Current—			
Japan - Total	¥ 80,274	¥ 72,230	¥ 94,317
Japan - National tax*	—	—	72,845
Japan - Local tax*	—	—	21,472
Overseas	31,114	33,252	48,399
	111,388	105,482	142,716
Deferred—			
Japan - Total	9,049	26,803	76,511
Japan - National tax*	—	—	63,768
Japan - Local tax*	—	—	12,743
Overseas	10,951	(3,457)	13,876
	20,000	23,346	90,387
Total—			
Japan - Total	89,323	99,033	170,828
Japan - National tax*	—	—	136,613
Japan - Local tax*	—	—	34,215
Overseas	42,065	29,795	62,275
	¥131,388	¥128,828	¥233,103

* Since fiscal 2026, we have changed the disclosure of the breakdown of income taxes in accordance with Accounting Standards Update 2023-09.

In fiscal 2024, 2025 and 2026, the aggregate statutory income tax rate applicable to the Company and its subsidiaries in Japan is approximately 31.5%. The national statutory income tax rate is approximately 25.6%.

In fiscal 2026, the principal local tax jurisdictions that make up the majority of the Japan local tax, net of national tax effect, category in our rate reconciliation is the Tokyo Metropolitan Government and Osaka Prefecture.

Reconciliations of the differences between the tax provision computed at the statutory income tax rate of 31.5%, the aggregate statutory income tax rate of the Company's tax domicile, and the consolidated provision for income taxes in fiscal 2024 and 2025 are as follows:

	Millions of yen	
	2024	2025
Income before income taxes	¥469,975	¥480,463
Tax provision computed at the statutory rate	¥148,042	¥151,346
Increases (reductions) in taxes due to:		
Change in valuation allowance	5,441	1,973
Nondeductible expenses	4,762	5,813
Nontaxable income	(3,574)	(5,893)
Effect of lower tax rates on certain subsidiaries	(17,627)	(22,271)
Effect of investor taxes on earnings of subsidiaries	7,674	3,494
Effect of the tax law and rate changes	(1,295)	2,218
Effect of sale or liquidation of subsidiaries	(14,995)	(8,423)
Other, net	2,960	571
Provision for income taxes	¥131,388	¥128,828

The effective income tax rate is different from the statutory income tax rate primarily because of certain nondeductible expenses, nontaxable income, changes in valuation allowance, the effect of lower tax rates on certain subsidiaries, effect of investor taxes on earnings of subsidiaries and effect of sale or liquidation of subsidiaries.

Due to the enactment of the "Act for Partial Revision of the Income Tax Act, etc." (Act No.13 of 2025) in the Japanese Diet on March 31, 2025, the "Special Corporation Tax for National Defense" will be imposed from the fiscal years beginning on or after April 1, 2026. As a result, the statutory income tax rate used to calculate deferred tax assets and liabilities has been changed from approximately 31.0% to approximately 31.9% for temporary differences expected to be resolved from the fiscal year beginning on April 1, 2026. The increase and decrease of the deferred tax assets and liabilities due to the change in the tax rates resulted in an increase of provision for income taxes by ¥6,124 million in the consolidated statements of income for fiscal 2025.

Reconciliations of the differences between the corporate income taxes computed at the Japanese national statutory income tax rate of approximately 25.6%, the national statutory income tax rate in our country of domicile, and the consolidated provision for income taxes in fiscal 2026 was as follows.

	Millions of yen	
	2026	
Income before income taxes	¥691,431	
Tax provision computed at the national statutory income tax rate	¥177,006	25.6%
Japan national tax:		
Nontaxable and nondeductible items	(223)	(0.0%)
Tax credits		
Foreign tax credit	(9,769)	(1.4%)
Other	(1,539)	(0.2%)
Effect of the tax law and rate changes	1,012	0.1%
Change in valuation allowance	2,375	0.3%
Cross-border tax laws	10,975	1.6%
Other, net	6,715	1.0%
Japan local tax, net of national tax effect	34,215	4.9%
Foreign tax effects		
The United States	9,030	1.3%
India		
Direct foreign withholding tax	10,367	1.5%
Other	138	0.0%
Other foreign jurisdictions	(7,522)	(1.1%)
Worldwide changes in unrecognized tax benefits	323	0.1%
Provision for income taxes	¥233,103	33.7%

The amounts of taxes paid (net of amounts received) in fiscal 2026 was as follows.

	Millions of yen
	2026
Japan national tax	52,638
Japan local tax	
Tokyo Metropolitan Government	8,437
Other	9,021
Subtotal	17,458
Foreign	
The United States	10,216
India	11,286
Other	23,149
Subtotal	44,651
Total	114,747

Total income tax expense recognized in fiscal 2024, 2025 and 2026 was allocated as follows:

	Millions of yen		
	2024	2025	2026
Provision for income taxes	¥131,388	¥128,828	¥233,103
Income tax expense (benefit) allocated to other comprehensive income (loss):			
Net change of unrealized gains (losses) on investment in securities	(27,157)	(60,260)	(88,096)
Net change of impact of changes in policy liability discount rate	32,471	54,382	100,702
Net change of debt valuation adjustments	(74)	(13)	78
Net change of defined benefit pension plans	5,554	2,063	7,711
Net change of foreign currency translation adjustments	(30,992)	2,484	(12,045)
Net change of unrealized gains (losses) on derivative instruments	(1,523)	(441)	1,016
Other direct adjustments to shareholders' equity	32	22	57
Total income tax expense	¥109,699	¥127,065	¥242,526

The tax effects of temporary differences and carryforwards giving rise to the deferred tax assets and liabilities as of March 31, 2025 and 2026 are as follows:

	Millions of yen	
	2025	2026
Assets:		
Net operating loss carryforwards	¥ 48,953	¥ 50,576
Allowance for credit losses	14,842	18,565
Investment in securities	4,581	4,109
Accrued expenses	26,516	23,644
Investment in operating leases	11,576	12,597
Property under facility operations	28,007	33,551
Installment loans	8,075	7,036
Unrealized losses on investment in securities	158,375	245,605
Lease liabilities	74,215	76,790
Other*	159,391	188,081
	534,531	660,554
Less: valuation allowance	(35,845)	(44,262)
	498,686	616,292

	Millions of yen	
	2025	2026
Liabilities:		
Net investment in leases	12,755	13,524
Investment in operating leases	171,455	175,410
Unrealized gains on investment in securities	9,259	17,966
Deferred insurance policy acquisition costs	90,934	96,048
Policy liabilities and policy account balances	263,515	397,682
Property under facility operations	33,075	37,326
Other intangible assets	143,701	148,872
Undistributed earnings	103,808	134,589
Prepaid benefit cost	27,224	32,689
Advances paid	8,387	9,023
Right-of-use assets	72,034	73,828
Other	24,834	43,256
	960,981	1,180,213
Net deferred tax liability	¥462,295	¥ 563,921

* As of March 31, 2025 and 2026, other deferred tax assets includes amounts related to net investment hedges of ¥96,778 million and ¥107,235 million.

Net deferred tax assets and liabilities at March 31, 2025 and 2026 are reflected in the accompanying consolidated balance sheets under the following captions:

	Millions of yen	
	2025	2026
Other assets	¥ 63,337	¥ 47,130
Income taxes: Deferred	525,632	611,051
Net deferred tax liability	¥462,295	¥563,921

The valuation allowance is primarily recognized for deferred tax assets of consolidated subsidiaries with operating loss carryforwards. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and operating loss carryforwards are utilizable. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax-planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company and its subsidiaries will realize the benefits of these deductible temporary differences and operating loss carryforwards, net of the existing valuation allowances at March 31, 2026. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. The net changes in the total valuation allowance were increases of ¥1,759 million in fiscal 2024, decreases of ¥3,201 million in fiscal 2025, and increases of ¥8,417 million in fiscal 2026. The decrease in the total valuation allowance recognized in earnings due to the utilization of net operating loss carryforwards were ¥3,660 million in fiscal 2024, ¥3,380 million in fiscal 2025 and ¥1,877 million in fiscal 2026. The adjustments to the beginning-of-the-year amount in the total valuation allowance resulting from changes in judgment about the

realizability of deferred tax assets in future years were net increases of ¥513 million in fiscal 2024 (increases of ¥4,125 million and decreases of ¥3,612 million on a gross basis), net decreases of ¥1,986 million in fiscal 2025 (increases of ¥1,143 million and decreases of ¥3,129 million on a gross basis), and net increases of ¥2,156 million in fiscal 2026 (increases of ¥2,968 million and decreases of ¥812 million on a gross basis), respectively.

The Company and certain subsidiaries have net operating loss carryforwards of ¥339,611 million at March 31, 2026, which expire as follows:

Years ending March 31,	Millions of yen
2027	¥ 6,395
2028	1,989
2029	17,331
2030	45,820
2031	64,843
Thereafter	147,470
Indefinite period	55,763
Total	¥339,611

The unrecognized tax benefits as of March 31, 2025 and 2026 were not material.

The total amounts of penalties and interest expense related to income taxes recognized in the consolidated balance sheets as of March 31, 2025 and 2026, and in the consolidated statements of income for fiscal 2024, 2025 and 2026 were not material.

The Company and its subsidiaries file tax returns in Japan and certain foreign tax jurisdictions. The Company is no longer subject to ordinary income tax examination in Japan for the tax years prior to fiscal 2025, and its major domestic subsidiaries are no longer subject to ordinary income tax examination for the tax years prior to fiscal 2018, respectively.

Subsidiaries in the United States remain subject to an income tax examination for the tax years after fiscal 2020. Subsidiaries in the Netherlands remain subject to an income tax examination for the tax years after fiscal 2018.

17. Pension Plans

The Company and certain subsidiaries have contributory and non-contributory pension plans covering substantially all of their employees. Those contributory funded pension plans include defined benefit pension plans and defined contribution pension plans. Under the plans, employees are entitled to lump-sum payments at the time of termination of their employment or pension payments. Defined benefit pension plans consist of a plan of which the amounts of such payments are determined on the basis of length of service and remuneration at the time of termination and a cash balance plan.

The Company and certain subsidiaries' funding policy is to contribute annually the amounts actuarially determined. Assets of the plans are invested primarily in debt securities and marketable equity securities.

The funded status of the defined benefit pension plans, which consists of Japanese plans and overseas plans, as of March 31, 2025 and 2026 are as follows:

	Millions of yen			
	Japanese plans		Overseas plans	
	2025	2026	2025	2026
Change in benefit obligation:				
Benefit obligation at beginning of year	¥105,109	¥ 93,804	¥129,934	¥122,744
Service cost	5,078	4,473	3,268	2,890
Interest cost	1,421	1,943	4,091	4,786
Actuarial loss (income)	(7,621)	(6,728)	(11,712)	(8,246)
Plan participant's contributions	0	0	233	471
Benefits paid	(5,032)	(5,513)	(2,375)	(4,025)
Business combinations	86	4,141	0	0
Divestitures	(1,937)	(498)	0	0
Plan amendments	0	0	179	0
Settlements	(3,300)	0	0	0
Foreign currency exchange rate change	0	0	(874)	15,504
Benefit obligation at end of year	93,804	91,622	122,744	134,124
Change in plan assets:				
Fair value of plan assets at beginning of year	143,101	137,712	153,803	151,819
Actual return on plan assets	449	9,551	(1,435)	2,115
Employer contribution	3,855	4,034	2,446	2,665
Plan participant's contributions	0	0	233	471
Benefits paid	(4,404)	(4,560)	(2,182)	(3,772)
Business combinations	0	5,827	0	0
Divestitures	(3,272)	(460)	0	0
Settlements	(2,017)	(1)	0	0
Foreign currency exchange rate change	0	0	(1,046)	19,770
Fair value of plan assets at end of year	137,712	152,103	151,819	173,068
The funded status of the plans	¥ 43,908	¥ 60,481	¥ 29,075	¥ 38,944
Amount recognized in the consolidated balance sheets consists of:				
Prepaid benefit cost included in other assets	¥ 59,111	¥ 75,053	¥ 30,809	¥ 40,886
Accrued benefit liability included in other liabilities	(15,203)	(14,572)	(1,734)	(1,942)
Net amount recognized	¥ 43,908	¥ 60,481	¥ 29,075	¥ 38,944

Amount recognized in accumulated other comprehensive income (loss), pre-tax, at March 31, 2025 and 2026 consisted of:

	Millions of yen			
	Japanese plans		Overseas plans	
	2025	2026	2025	2026
Net prior service credit	¥ 666	¥ 601	¥ (502)	¥ (838)
Net actuarial gain (loss)	5,750	25,940	12,865	17,953
Net transition obligation	0	0	8	9
Total recognized in accumulated other comprehensive loss, pre-tax	¥ 6,416	¥26,541	¥ 12,371	¥ 17,124

The accumulated benefit obligations for all Japanese defined benefit pension plans were ¥85,077 million and ¥79,977 million, respectively, at March 31, 2025 and 2026. The accumulated benefit obligations for all overseas defined benefit pension plans were ¥117,478 million and ¥128,408 million, respectively, at March 31, 2025 and 2026.

The accumulated benefit obligations and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets at March 31, 2025 and 2026 are as follows:

	Millions of yen			
	Japanese plans		Overseas plans	
	2025	2026	2025	2026
Accumulated benefit obligations	¥ 14,525	¥ 14,163	¥ 2,075	¥ 2,260
Fair value of plan assets	0	0	389	366

The projected benefit obligations and fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets at March 31, 2025 and 2026 are as follows:

	Millions of yen			
	Japanese plans		Overseas plans	
	2025	2026	2025	2026
Projected benefit obligations	¥ 15,203	¥ 14,572	¥ 3,844	¥ 2,308
Fair value of plan assets	0	0	2,110	366

Net pension cost of the plans for fiscal 2024, 2025 and 2026 consists of the following:

	Millions of yen		
	2024	2025	2026
Japanese plans:			
Service cost	¥ 5,542	¥ 5,078	¥ 4,473
Interest cost	1,216	1,421	1,943
Expected return on plan assets	(2,702)	(2,766)	(2,734)
Amortization of prior service credit	(84)	(72)	(65)
Amortization of net actuarial loss	59	(93)	(139)
Plan amendments	0	0	0
Settlements	0	(1,347)	1
Net periodic pension cost	¥ 4,031	¥ 2,221	¥ 3,479
Overseas plans:			
Service cost	¥ 2,999	¥ 3,268	¥ 2,890
Interest cost	3,395	4,091	4,786
Expected return on plan assets	(6,362)	(6,996)	(7,489)
Amortization of prior service credit	(354)	(322)	(270)
Amortization of net actuarial loss	11	9	5
Amortization of transition obligation	1	1	0
Net periodic pension cost	¥ (310)	¥ 51	¥ (78)

Note: Net periodic pension cost is charged in personnel expenses, which is included in selling, general and administrative expenses in the consolidated statements of income.

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for fiscal 2024, 2025 and 2026 are summarized as follows:

	Millions of yen		
	2024	2025	2026
Japanese plans:			
Current year actuarial gain (loss)	¥12,990	¥ 5,125	¥20,329
Amortization of net actuarial loss	59	(93)	(139)
Prior service credit due to amendments	0	(278)	0
Amortization of prior service credit	(84)	(72)	(65)
Settlements	0	(148)	0
Total recognized in other comprehensive income, pre-tax	¥12,965	¥ 4,534	¥20,125
Overseas plans:			
Current year actuarial gain (loss)	¥ 5,728	¥ 3,226	¥ 3,141
Amortization of net actuarial loss	11	9	5
Prior service credit due to amendments	(145)	(179)	(5)
Amortization of prior service credit	(354)	(322)	(270)
Amortization of transition obligation	1	1	0
Foreign currency exchange rate change	641	(78)	1,882
Total recognized in other comprehensive income (loss), pre-tax	¥ 5,882	¥ 2,657	¥ 4,753

Significant assumptions of Japanese pension plans and overseas pension plans used to determine these amounts are as follows:

Japanese plans	2024	2025	2026
Weighted-average assumptions used to determine benefit obligations at March 31:			
Discount rate	1.4%	2.1%	2.8%
Rate of increase in compensation levels	4.3%	3.4%	3.1%
Interest crediting rate for cash balance plans	1.5%	1.5%	1.5%
Weighted-average assumptions used to determine net periodic pension cost for years ended March 31:			
Discount rate	1.1%	1.4%	2.1%
Rate of increase in compensation levels	4.3%	4.3%	3.4%
Expected long-term rate of return on plan assets	2.0%	2.0%	1.9%
Interest crediting rate for cash balance plans	1.5%	1.5%	1.5%

Overseas plans	2024	2025	2026
Weighted-average assumptions used to determine benefit obligations at March 31:			
Discount rate	3.3%	3.8%	4.3%
Rate of increase in compensation levels	2.3%	2.3%	2.3%
Interest crediting rate for cash balance plans	—	—	—
Weighted-average assumptions used to determine net periodic pension cost for years ended March 31:			
Discount rate	3.3%	3.3%	3.8%
Rate of increase in compensation levels	2.3%	2.3%	2.3%
Expected long-term rate of return on plan assets	4.6%	4.7%	4.7%
Interest crediting rate for cash balance plans	—	—	—

The Company and certain subsidiaries determine the expected long-term rate of return on plan assets annually based on the composition of the pension asset portfolios and the expected long-term rate of return on these portfolios. The expected long-term rate of return is designed to approximate the long-term rate of return actually earned on the plans' assets over time to ensure that funds are available to meet the pension obligations that result from the services provided by employees. The Company and certain subsidiaries use a number of factors to determine the expected rate of return, including actual historical returns on the asset classes of the plans' portfolios and independent projections of returns of the various asset classes.

The Company and certain subsidiaries' investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. The Company and certain subsidiaries formulate a policy portfolio appropriate to produce the expected long-term rate of return on plan assets and to ensure that plan assets are allocated under this policy portfolio. The Company and certain subsidiaries periodically have an external consulting firm monitor the results of actual return and revise the policy portfolio if necessary.

The fair value of Japanese pension plan assets at March 31, 2025 and 2026, by asset category, are as follows. The three levels of input used to measure fair value are described in Note 2 "Fair Value Measurements."

	Millions of yen			
	March 31, 2025			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
Japan				
Pooled funds*1	¥ 15,268	¥ 0	¥ 0	¥ 0
Other than Japan				
Pooled funds*2	19,447	0	0	0
Debt securities:				
Japan				
Pooled funds*3	28,787	0	0	0
Other than Japan				
Pooled funds*4	32,738	0	0	0
Other assets:				
Life insurance company general accounts*5	29,136	0	29,136	0
Others*6	12,336	0	12,336	0
	¥137,712	¥ 0	¥ 41,472	¥ 0

*1 These funds invest in listed shares including shares of ORIX Corporation in the amounts of ¥30 million at March 31, 2025.

*2 These funds invest in listed shares.

*3 These funds invest approximately 70% in Japanese government bonds, and approximately 30% in Japanese corporate bonds. These funds include corporate bonds of ORIX Corporation in the amounts of ¥7 million at March 31, 2025.

*4 These funds invest approximately 100% in foreign government bonds.

*5 Life insurance company general accounts are accounts with guaranteed capital and minimum interest rate, in which life insurance companies manage funds on several contracts.

*6 Others include derivative instruments held for hedging change in the fair value of equity securities, and short-term instruments.

At March 31, 2025, our policy for the portfolio of plans consists of three major components: approximately 30% is invested in equity securities, approximately 40% is invested in debt securities and approximately 30% is invested in other assets, primarily consisting of investments in life insurance company general accounts.

Level 2 assets are comprised principally of investments in life insurance company general accounts. Investments in life insurance company general accounts are valued at conversion value. Pooled funds are valued at the net asset value per share at the measurement date and they have not been classified in the fair value hierarchy.

	Millions of yen			
	March 31, 2026			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
Japan				
Pooled funds*1	¥ 19,029	¥ 0	¥ 0	¥ 0
Other than Japan				
Pooled funds*2	21,666	0	0	0
Debt securities:				
Japan				
Pooled funds*3	28,365	0	0	0
Other than Japan				
Pooled funds*4	25,531	0	0	0
Other assets:				
Life insurance company general accounts*5	27,989	0	27,989	0
Others*6	29,523	0	29,523	0
	¥ 152,103	¥ 0	¥ 57,512	¥ 0

*1 These funds invest in listed shares including shares of ORIX Corporation in the amounts of ¥42 million at March 31, 2026.

*2 These funds invest in listed shares.

*3 These funds invest approximately 70% in Japanese government bonds, and approximately 30% in Japanese corporate bonds. These funds include corporate bonds of ORIX Corporation in the amounts of ¥6 million at March 31, 2026.

*4 These funds invest approximately 100% in foreign government bonds.

*5 Life insurance company general accounts are accounts with guaranteed capital and minimum interest rate, in which life insurance companies manage funds on several contracts.

*6 Others include derivative instruments held for hedging change in the fair value of equity securities, and short-term instruments.

At March 31, 2026, our policy for the portfolio of plans consists of three major components: approximately 30% is invested in equity securities, approximately 40% is invested in debt securities and approximately 30% is invested in other assets, primarily consisting of investments in life insurance company general accounts.

Level 2 assets are comprised principally of investments in life insurance company general accounts. Investments in life insurance company general accounts are valued at conversion value. Pooled funds are valued at the net asset value per share at the measurement date and they have not been classified in the fair value hierarchy.

The fair value of overseas pension plan assets at March 31, 2025 and 2026, by asset category, are as follows. The three levels of input used to measure fair value are described in Note 2 “Fair Value Measurements.”

	Millions of yen			
	March 31, 2025			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
Other than Japan				
Shares	¥ 54,119	¥ 54,119	¥ 0	¥ 0
Pooled funds*1	722	0	0	0
Debt securities:				
Other than Japan				
Government bonds	85,685	85,685	0	0
Municipal bonds	4,094	0	4,094	0
Other assets:				
Life insurance company general accounts*2	455	0	455	0
Others*3	6,744	0	6,744	0
	¥151,819	¥139,804	¥ 11,293	¥ 0

*1 These funds invest in listed shares.

*2 Life insurance company general accounts are accounts with guaranteed capital and minimum interest rate, in which life insurance companies manage funds on several contracts.

*3 Others include derivative instruments held for hedging change in the fair value of equity securities, and short-term instruments.

At March 31, 2025, our policy for the portfolio of plans consists of two major components: approximately 40% is invested in equity securities and approximately 60% is invested in debt securities.

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets. Level 1 assets are comprised principally of equity securities and debt securities, which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 assets are comprised principally of debt securities and investments in life insurance company general accounts. Investments in life insurance company general accounts are valued at conversion value. Pooled funds are valued at the net asset value per share at the measurement date and they have not been classified in the fair value hierarchy.

	Millions of yen			
	March 31, 2026			
	Total Carrying Value in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
Other than Japan				
Shares	¥ 70,171	¥ 70,171	¥ 0	¥ 0
Pooled funds*1	712	0	0	0
Debt securities:				
Other than Japan				
Government bonds	91,849	91,849	0	0
Municipal bonds	4,403	0	4,403	0
Other assets:				
Life insurance company general accounts*2	444	0	444	0
Others*3	5,489	0	5,489	0
	¥173,068	¥162,020	¥10,336	¥ 0

*1 These funds invest in listed shares.

*2 Life insurance company general accounts are accounts with guaranteed capital and minimum interest rate, in which life insurance companies manage funds on several contracts.

*3 Others include derivative instruments held for hedging change in the fair value of equity securities, and short-term instruments.

At March 31, 2026, our policy for the portfolio of plans consists of two major components: approximately 40% is invested in equity securities and approximately 60% is invested in debt securities.

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets. Level 1 assets are comprised principally of equity securities and debt securities, which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 assets are comprised principally of debt securities and investments in life insurance company general accounts. Investments in life insurance company general accounts are valued at conversion value. Pooled funds are valued at the net asset value per share at the measurement date and they have not been classified in the fair value hierarchy.

The Company and certain subsidiaries expect to contribute ¥3,965 million to its Japanese pension plans and ¥2,788 million to its overseas pension plans during the year ending March 31, 2027.

At March 31, 2026, the benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five years thereafter are as follows:

	Millions of yen	
Years ending March 31,	Japanese plans	Overseas plans
2027	¥ 6,051	¥ 4,195
2028	5,453	4,386
2029	6,141	4,320
2030	6,198	4,482
2031	6,158	4,711
2032-2036	32,528	26,958
Total	¥62,529	¥49,052

The cost recognized for Japanese defined contribution pension plans of the Company and certain of its subsidiaries for fiscal 2024, 2025 and 2026 were ¥2,146 million, ¥2,118 million and ¥2,189 million, respectively. The cost recognized for overseas defined contribution pension plans of the Company and certain of its subsidiaries for fiscal 2024, 2025 and 2026 were ¥4,219 million, ¥5,046 million and ¥5,738 million, respectively.

18. Redeemable Noncontrolling Interests

Changes in redeemable noncontrolling interests in fiscal 2024, 2025 and 2026 are as follows:

	Millions of yen		
	2024	2025	2026
Beginning Balance	¥ 945	¥ 2,645	¥ 3,432
Contribution to subsidiary	0	0	45,708
Transaction with noncontrolling interests	2,122	1,963	2,108
Adjustment of redeemable noncontrolling interests to redemption value	0	0	0
Comprehensive income (loss)			
Net Income (loss)	137	394	(758)
Other comprehensive income (loss)			
Net change of unrealized gains (losses) on investment in securities	10	0	(12)
Net change of foreign currency translation adjustments	203	(50)	3,543
Total other comprehensive income (loss)	213	(50)	3,531
Comprehensive income (loss)	350	344	2,773
Dividends	(772)	(1,520)	(3,278)
Ending Balance	¥ 2,645	¥ 3,432	¥50,743

19. Stock-Based Compensation

The Company maintains a stock compensation program for directors and executive officers of the Company and others. The Compensation Committee resolved in July 2014 and the Company's shares are provided to retiree by way of provision of the compensation through the Board Incentive Plan Trust. The Board Incentive Plan Trust purchases the Company's common shares including future granting shares by an entrusted fund which the Company set in advance. The Company holds those shares as entrusted assets, separately from other treasury stock which the Company holds.

Under the program, points are granted annually to directors and executive officers of the Company and others based upon the prescribed standards of the Company. Upon retirement, eligible directors, executive officers and others receive a certain number of the Company's common shares calculated by translating each point earned by that retiree to one common share.

In fiscal 2026, the Company granted 632,010 points, and 391,898 points were settled for individuals who retired during fiscal 2026. Total points outstanding under the stock compensation program as of March 31, 2026 were 3,268,760 points. The points were adjusted for the 10-for-1 stock split implemented on April 1, 2013.

During fiscal 2024, 2025 and 2026, the Company recognized stock-based compensation costs of its stock compensation program in the amount of ¥2,177 million, ¥1,778 million and ¥3,705 million, respectively.

20. Accumulated Other Comprehensive Income (Loss)

Changes in each component of accumulated other comprehensive income (loss) attributable to ORIX Corporation Shareholders in fiscal 2024, 2025 and 2026 are as follows:

	Millions of yen						
	Net unrealized gains (losses) on investment in securities	Impact of changes in policy liability discount rate	Debt valuation adjustments	Defined benefit pension plans	Foreign currency translation adjustments	Net unrealized gains (losses) on derivative instruments	Accumulated other comprehensive income (loss)
Balance at March 31, 2023	¥(183,034)	¥164,516	¥ 275	¥(3,617)	¥155,912	¥ 22,083	¥ 156,135
Net unrealized gains (losses) on investment in securities, net of tax of ¥27,906 million	(69,102)						(69,102)
Reclassification adjustment included in net income, net of tax of ¥(749) million	1,340						1,340
Impact of changes in policy liability discount rate, net of tax of ¥(32,471) million		93,269					93,269
Debt valuation adjustments, net of tax of ¥69 million			(177)				(177)
Reclassification adjustment included in net income, net of tax of ¥5 million			(14)				(14)
Defined benefit pension plans, net of tax of ¥(5,655) million				13,559			13,559
Reclassification adjustment included in net income, net of tax of ¥101 million				(266)			(266)
Foreign currency translation adjustments, net of tax of ¥35,593 million					163,062		163,062
Reclassification adjustment included in net income, net of tax of ¥(4,601) million					10,242		10,242
Net unrealized gains (losses) on derivative instruments, net of tax of ¥578 million						(2,928)	(2,928)
Reclassification adjustment included in net income, net of tax of ¥945 million						(2,947)	(2,947)
Total other comprehensive income (loss)	(67,762)	93,269	(191)	13,293	173,304	(5,875)	206,038
Transaction with noncontrolling interests	0	0	0	0	11	(176)	(165)
Less: Other Comprehensive Income (loss) Attributable to the Noncontrolling Interests	0	0	0	6	4,816	(175)	4,647
Less: Other Comprehensive Income Attributable to the Redeemable Noncontrolling Interests	10	0	0	0	203	0	213
Balance at March 31, 2024	¥(250,806)	¥257,785	¥ 84	¥ 9,670	¥324,208	¥ 16,207	¥ 357,148
Net unrealized gains (losses) on investment in securities, net of tax of ¥60,607 million	(152,264)						(152,264)
Reclassification adjustment included in net income, net of tax of ¥(347) million	(844)						(844)
Impact of changes in policy liability discount rate, net of tax of ¥(54,382) million		158,339					158,339
Debt valuation adjustments, net of tax of ¥12 million			(32)				(32)
Reclassification adjustment included in net income, net of tax of ¥1 million			(3)				(3)
Defined benefit pension plans, net of tax of ¥(2,244) million				5,572			5,572
Reclassification adjustment included in net income, net of tax of ¥181 million				(444)			(444)
Foreign currency translation adjustments, net of tax of ¥5,479 million					(37,786)		(37,786)
Reclassification adjustment included in net income, net of tax of ¥(7,963) million					17,726		17,726
Net unrealized gains (losses) on derivative instruments, net of tax of ¥3,076 million						(15,269)	(15,269)
Reclassification adjustment included in net income, net of tax of ¥(2,635) million						8,866	8,866
Total other comprehensive income (loss)	(153,108)	158,339	(35)	5,128	(20,060)	(6,403)	(16,139)
Transaction with noncontrolling interests	0	0	0	0	136	—	136
Less: Other Comprehensive Income (Loss) Attributable to the Noncontrolling Interests	0	0	0	7	(323)	213	(103)
Less: Other Comprehensive Loss Attributable to the Redeemable Noncontrolling Interests	0	0	0	0	(50)	0	(50)
Balance at March 31, 2025*	¥(403,914)	¥416,124	¥ 49	¥14,791	¥304,657	¥ 9,591	¥ 341,298

* As of March 31, 2025, net unrealized gains (losses) on investment in securities contained ¥(61) million (net of tax of ¥16 million) of net unrealized gains (losses) in investment in securities related to available-for-sale debt securities with allowance for credit losses.

	Millions of yen						
	Net unrealized gains (losses) on investment in securities	Impact of changes in policy liability discount rate	Debt valuation adjustments	Defined benefit pension plans	Foreign currency translation adjustments	Net unrealized gains (losses) on derivative instruments	Accumulated other comprehensive income (loss)
Balance at March 31, 2025	¥(403,914)	¥416,124	¥ 49	¥14,791	¥304,657	¥ 9,591	¥ 341,298
Net unrealized gains (losses) on investment in securities, net of tax of ¥82,024 million	(199,534)						(199,534)
Reclassification adjustment included in net income, net of tax of ¥6,072 million	(14,915)						(14,915)
Impact of changes in policy liability discount rate, net of tax of ¥(100,702) million		299,258					299,258
Debt valuation adjustments, net of tax of ¥(82) million			202				202
Reclassification adjustment included in net income, net of tax of ¥4 million			(9)				(9)
Defined benefit pension plans, net of tax of ¥(7,846) million				17,501			17,501
Reclassification adjustment included in net income, net of tax of ¥135 million				(334)			(334)
Foreign currency translation adjustments, net of tax of ¥9,304 million					177,786		177,786
Reclassification adjustment included in net income, net of tax of ¥2,741 million					(5,850)		(5,850)
Net unrealized gains (losses) on derivative instruments, net of tax of ¥(2,130) million						(778)	(778)
Reclassification adjustment included in net income, net of tax of ¥1,114 million						(2,062)	(2,062)
Total other comprehensive income (loss)	(214,449)	299,258	193	17,167	171,936	(2,840)	271,265
Transaction with noncontrolling interests	0	0	0	0	28	0	28
Less: Other Comprehensive Income Attributable to the Noncontrolling Interests	0	0	0	5	3,816	129	3,950
Less: Other Comprehensive Income (Loss) Attributable to the Redeemable Noncontrolling Interests	(12)	0	0	0	3,543	0	3,531
Balance at March 31, 2026*	¥(618,351)	¥715,382	¥242	¥31,953	¥469,262	¥ 6,622	¥ 605,110

* As of March 31, 2026, net unrealized gains (losses) on investment in securities contained ¥(171) million (net of tax of ¥53 million) of net unrealized gains (losses) in investment in securities related to available-for-sale debt securities with allowance for credit losses.

Amounts reclassified to net income from accumulated other comprehensive income (loss) for fiscal 2024, 2025 and 2026 are as follows:

	Fiscal Year ended March 31, 2024	
Details about accumulated other comprehensive income components	**Reclassification adjustment included in net income**	**Consolidated statements of income caption**
	Millions of yen	
Net unrealized gains (losses) on investment in securities		
Sales of debt securities	¥ 231	Gains on investment securities and dividends
Sales of debt securities	(7,184)	Life insurance premiums and related investment income
Amortization of debt securities	756	Finance revenues
Amortization of debt securities	4,108	Life insurance premiums and related investment income
	(2,089)	Total before income tax
	749	Income tax (expense) or benefit
	¥ (1,340)	Net of tax
Debt valuation adjustments		
Fulfillment of policy liabilities and amortization of policy account balances	¥ 19	Life insurance costs
	19	Total before income tax
	(5)	Income tax (expense) or benefit
	¥ 14	Net of tax
Defined benefit pension plans		
Amortization of prior service credit	¥ 438	See Note 17 “Pension Plans”
Amortization of net actuarial loss	(70)	See Note 17 “Pension Plans”
Amortization of transition obligation	(1)	See Note 17 “Pension Plans”
	367	Total before income tax
	(101)	Income tax (expense) or benefit
	¥ 266	Net of tax
Foreign currency translation adjustments		
Foreign exchange contracts	¥(14,952)	Gains on sales of subsidiaries and equity method investments and liquidation losses, net/Interest expense
Sales or liquidation	109	Gains on sales of subsidiaries and equity method investments and liquidation losses, net
	(14,843)	Total before income tax
	4,601	Income tax (expense) or benefit
	¥(10,242)	Net of tax
Net unrealized gains (losses) on derivative instruments		
Interest rate swap agreements	¥ 114	Interest expense
Foreign currency swap agreements	3,778	Interest expense/Other (income) and expense
	3,892	Total before income tax
	(945)	Income tax (expense) or benefit
	¥ 2,947	Net of tax

Details about accumulated other comprehensive income components	Fiscal Year ended March 31, 2025 Reclassification adjustment included in net income	Consolidated statements of income caption
	Millions of yen	
Net unrealized gains (losses) on investment in securities		
Sales of debt securities	¥ 1,004	Gains on investment securities and dividends
Sales of debt securities	(9,010)	Life insurance premiums and related investment income
Amortization of debt securities	1,732	Finance revenues
Amortization of debt securities	6,771	Life insurance premiums and related investment income
	497	Total before income tax
	347	Income tax (expense) or benefit
	¥ 844	Net of tax
Debt valuation adjustments		
Fulfillment of policy liabilities and amortization of policy account balances	¥ 4	Life insurance costs
	4	Total before income tax
	(1)	Income tax (expense) or benefit
	¥ 3	Net of tax
Defined benefit pension plans		
Amortization of prior service credit	¥ 394	See Note 17 “Pension Plans”
Amortization of net actuarial loss	84	See Note 17 “Pension Plans”
Amortization of transition obligation	(1)	See Note 17 “Pension Plans”
Settlements	148	See Note 17 “Pension Plans”
	625	Total before income tax
	(181)	Income tax (expense) or benefit
	¥ 444	Net of tax
Foreign currency translation adjustments		
Foreign exchange contracts	¥(26,592)	Gains on sales of subsidiaries and equity method investments and liquidation losses, net/Interest expense
Sales or liquidation	903	Gains on sales of subsidiaries and equity method investments and liquidation losses, net
	(25,689)	Total before income tax
	7,963	Income tax (expense) or benefit
	¥(17,726)	Net of tax
Net unrealized gains (losses) on derivative instruments		
Interest rate swap agreements	¥ 446	Interest expense
Foreign exchange contracts	(694)	Interest expense
Foreign currency swap agreements	(11,239)	Interest expense/Other (income) and expense
Options held/written and other	(14)	Life insurance premiums and related investment income
	(11,501)	Total before income tax
	2,635	Income tax (expense) or benefit
	¥ (8,866)	Net of tax

Details about accumulated other comprehensive income components	Fiscal Year ended March 31, 2026 Reclassification adjustment included in net income	Consolidated statements of income caption
	Millions of yen	
Net unrealized gains (losses) on investment in securities		
Sales of debt securities	¥ (3,943)	Gains on investment securities and dividends
Sales of debt securities	140	Life insurance premiums and related investment income
Amortization of debt securities	11,487	Finance revenues
Amortization of debt securities	13,508	Life insurance premiums and related investment income
Others	(205)	Write-downs of securities
	20,987	Total before income tax
	(6,072)	Income tax (expense) or benefit
	¥14,915	Net of tax
Debt valuation adjustments		
Fulfillment of policy liabilities and amortization of policy account balances	¥ 13	Life insurance costs
	13	Total before income tax
	(4)	Income tax (expense) or benefit
	¥ 9	Net of tax
Defined benefit pension plans		
Amortization of prior service credit	¥ 335	See Note 17 “Pension Plans”
Amortization of net actuarial loss	134	See Note 17 “Pension Plans”
	469	Total before income tax
	(135)	Income tax (expense) or benefit
	¥ 334	Net of tax
Foreign currency translation adjustments		
Foreign exchange contracts	¥ 1,215	Gains on sales of subsidiaries and equity method investments and liquidation losses, net/Interest expense
Sales or liquidation	7,376	Gains on sales of subsidiaries and equity method investments and liquidation losses, net
	8,591	Total before income tax
	(2,741)	Income tax (expense) or benefit
	¥ 5,850	Net of tax
Net unrealized gains (losses) on derivative instruments		
Interest rate swap agreements	¥ 1,186	Interest expense
Foreign exchange contracts	3,071	Interest expense/Other (income) and expense
Foreign currency swap agreements	(956)	Interest expense/Other (income) and expense
Options held/written and other	(125)	Life insurance premiums and related investment income
	3,176	Total before income tax
	(1,114)	Income tax (expense) or benefit
	¥ 2,062	Net of tax

Comprehensive income (loss) and its components attributable to ORIX Corporation and noncontrolling interests have been reported, net of tax, in the consolidated statements of changes in equity, and information about comprehensive income (loss) and its components attributable to redeemable noncontrolling interests is provided in Note 18 "Redeemable Noncontrolling Interests." Total comprehensive income (loss) and its components have been reported, net of tax, in the consolidated statements of comprehensive income.

21. ORIX Corporation Shareholders' Equity

Changes in the number of shares issued in fiscal 2024, 2025 and 2026 are as follows:

	Number of shares		
	2024	2025	2026
Beginning balance	1,234,849,342	1,214,961,054	1,162,962,244
Cancellation of treasury stock	(19,888,288)	(51,998,810)	(38,855,620)
Ending balance	1,214,961,054	1,162,962,244	1,124,106,624

The Japanese Companies Act (the "Act") provides that an amount equivalent to 10% of any dividends resulting from appropriation of retained earnings be appropriated to the legal retained earnings until the aggregate amount of the additional paid-in capital and the legal retained earnings equals 25% of the issued capital. The Act also provides that both additional paid-in capital and the legal retained earnings are not available for dividends but may be capitalized or may be reduced by resolution of the general meeting of shareholders. However, if specified in the Company's articles of incorporation, dividends can be declared by the Board of Directors instead of the general meeting of shareholders. In accordance with this, the Board of Directors of the Company resolved in May 2026 that a total of ¥68,675 million dividends shall be distributed to the shareholders of record as of March 31, 2026. The liability for declared dividends and related impact on total equity is accounted for in the period of such Board of Directors' resolution.

The Act provides that at least one-half of amounts paid for new shares are included in common stock when they are issued. In conformity therewith, the Company has divided the principal amount of bonds converted into common stock and proceeds received from the issuance of common stock, including the exercise of warrants and stock acquisition rights, equally between common stock and additional paid-in capital, and set off expenses related to the issuance from the additional paid-in capital.

The amount available for dividends under the Act is calculated based on the amount recorded in the Company's non-consolidated financial statements prepared in accordance with accounting principles generally accepted in Japan. As a result, the amount available for dividends is ¥1,026,960 million as of March 31, 2026.

Retained earnings at March 31, 2026 include ¥182,298 million relating to equity in undistributed earnings of the companies accounted or by the equity method.

As of March 31, 2026, the restricted net assets of certain subsidiaries include regulatory capital requirements mainly for banking and life insurance operations of ¥11,040 million.

22. Gains on Investment Securities and Dividends

Gains on investment securities and dividends in fiscal 2024, 2025 and 2026 consist of the following:

	Millions of yen		
	2024	2025	2026
Net gains on investment securities *	¥30,731	¥11,825	¥127,024
Dividends income	2,292	2,499	1,924
	¥33,023	¥14,324	¥128,948

* Unrealized changes in fair value of investments in equity securities have been included in "Net gains on investment securities."

23. Income and Expenses Relating to Life Insurance Operations

Life insurance premiums and related investment income in fiscal 2024, 2025 and 2026 consist of the following:

	Millions of yen		
	2024	2025	2026
Life insurance premiums	¥459,655	¥481,432	¥506,120
Life insurance related investment income*	99,268	33,827	134,039
	¥558,923	¥515,259	¥640,159

* Life insurance related investment income in fiscal 2024, 2025 and 2026 include net unrealized holding gains of ¥43,301 million, ¥2,577 million and ¥48,946 million on equity securities held as of March 31, 2024, 2025 and 2026, respectively.

Life insurance premiums include reinsurance benefits, net of reinsurance premiums. For fiscal 2024, 2025 and 2026, reinsurance benefits and reinsurance premiums included in life insurance premiums are as follows:

	Millions of yen		
	2024	2025	2026
Reinsurance benefits	¥ 3,452	¥10,634	¥20,520
Reinsurance premiums	(4,937)	(5,119)	(5,298)

Life insurance premiums and related investment income include net realized and unrealized gains or losses from investment assets under management on behalf of variable annuity and variable life policyholders, and net gains or losses from derivative contracts, which consist of gains or losses from futures and foreign exchange contracts, entered to economically hedge a portion of the minimum guarantee risk relating to variable annuity and variable life insurance contracts. In addition, the fair value option was elected for the entire variable annuity and variable life insurance contracts to offset earnings recognized for gains or losses from the investment assets managed on behalf of variable annuity and variable life policyholders, derivative contracts and the changes in the fair value of reinsurance contracts. Life insurance costs include the net amount of the changes in fair value of the variable annuity and variable life insurance contracts for which the fair value option was elected and insurance costs recognized for insurance and annuity payouts as a result of insured events. Certain subsidiaries have elected the fair value option for certain reinsurance contracts to partially offset the changes in fair value recognized in earnings of the policy liabilities and policy account balances attributable to the changes in the minimum guarantee risks of the variable annuity and variable life insurance contracts, and the changes in the fair value of the reinsurance contracts were recorded in life insurance costs.

The portion of the total change in the fair value of variable annuity and variable life insurance contracts that results from a change in the instrument-specific credit risk is recognized in other comprehensive income (loss), net of applicable income taxes.

The above mentioned gains or losses relating to variable annuity and variable life insurance contracts for fiscal 2024, 2025 and 2026 are mainly as follows:

	Millions of yen		
	2024	2025	2026
Life insurance premiums and related investment income :			
Net realized and unrealized gains or losses from investment assets	¥40,821	¥ (3,496)	¥33,290
Net gains or losses from derivative contracts:	(3,568)	(372)	(1,559)
Futures	(3,046)	(262)	(1,433)
Foreign exchange contracts	(522)	(110)	(126)
Life insurance costs :			
Changes in the fair value of the policy liabilities and policy account balances	¥ 3,208	¥(30,998)	¥ 2,041
Insurance costs recognized for insurance and annuity payouts as a result of insured events	26,997	23,706	23,553
Changes in the fair value of the reinsurance contracts	1,890	200	1,423

24. Long-Duration Insurance Contracts Relating to Life Insurance Operations

The following tables present balances of and changes in the liability for future policy benefits as of and for the fiscal year ended March 31, 2025 and 2026.

	Millions of yen					
	March 31, 2025			March 31, 2026		
Present value of expected net premiums	Yen-denominated insurance (First Sector)	Yen-denominated insurance (Third Sector)	Foreign currency denominated insurance	Yen-denominated insurance (First Sector)	Yen-denominated insurance (Third Sector)	Foreign currency denominated insurance
Beginning balance	¥ 873,038	¥1,306,719	¥389,664	¥ 855,431	¥1,162,214	¥345,932
Beginning balance at original discount rate	858,959	1,289,145	424,186	877,300	1,216,705	368,846
Effect of changes in cash flow assumptions	(9,660)	(7,648)	66	(19,239)	(18,434)	(17,187)
Effect of actual variances from expected experience	984	812	(3,193)	871	4,687	(1,017)
Adjusted beginning balance	850,283	1,282,309	421,059	858,932	1,202,958	350,642
Issuances	130,605	34,189	31,717	127,215	24,195	29,171
Interests	10,568	17,489	12,323	11,351	16,684	11,058
Net premium earned	(116,850)	(116,049)	(62,788)	(127,464)	(113,506)	(63,084)
Actual variances from cash flow assumptions	(437)	(770)	(1,231)	(936)	(665)	(589)
Derecognition	3,131	(463)	(27,567)	(3,720)	4,952	(10,539)
Effect of changes in foreign exchange rate	0	0	(4,667)	0	0	22,426
Ending balance at original discount rate	877,300	1,216,705	368,846	865,378	1,134,618	339,085
Effect of changes in discount rates	(21,869)	(54,491)	(22,914)	(61,982)	(135,569)	(15,470)
Ending balance	¥ 855,431	¥1,162,214	¥345,932	¥ 803,396	¥ 999,049	¥323,615

	Millions of yen					
	2025			2026		
Present value of expected future policy benefits	Yen-denominated insurance (First Sector)	Yen-denominated insurance (Third Sector)	Foreign currency denominated insurance	Yen-denominated insurance (First Sector)	Yen-denominated insurance (Third Sector)	Foreign currency denominated insurance
Beginning balance	¥1,565,877	¥1,844,599	¥ 447,081	¥1,511,436	¥1,659,960	¥ 442,939
Beginning balance at original discount rate	1,658,143	1,895,730	659,217	1,750,912	1,878,075	650,005
Effect of changes in cash flow assumptions	(10,284)	(8,470)	81	(20,056)	5,429	(20,141)
Adjusted beginning balance	1,647,859	1,887,260	659,298	1,730,856	1,883,504	629,864
Issuances	130,605	34,189	31,717	127,215	24,195	29,171
Interests	24,463	27,997	19,385	26,152	28,183	19,736
Insurance claims paid	(57,099)	(72,044)	(18,634)	(61,802)	(77,181)	(14,131)
Actual variances from cash flow assumptions	(9,571)	(8,287)	13,086	(9,699)	(2,030)	6,037
Derecognition	14,655	8,960	(46,693)	6,897	15,785	(19,310)
Effect of changes in foreign exchange rate	0	0	(8,154)	0	0	45,312
Ending balance at original discount rate	1,750,912	1,878,075	650,005	1,819,619	1,872,456	696,679
Effect of changes in discount rates	(239,476)	(218,115)	(207,066)	(449,036)	(527,974)	(201,355)
Ending balance	¥1,511,436	¥1,659,960	¥ 442,939	¥1,370,583	¥1,344,482	¥ 495,324
Net liability for future policy benefits	¥ 656,005	¥ 497,746	¥ 97,007	¥ 567,187	¥ 345,433	¥ 171,709
Deferred profit liabilities	61,448	74,962	37,340	74,053	66,559	52,683
Subtotal	717,453	572,708	134,347	641,240	411,992	224,392
Less: Reinsurance recoverable	196	0	0	162	0	0
The liability for future policy benefits, after reinsurance recoverable	¥ 717,257	¥ 572,708	¥ 134,347	¥ 641,078	¥ 411,992	¥ 224,392

The following tables provide the breakdown of the policy liabilities and policy account balances recorded in the consolidated balance sheets as of March 31, 2025 and 2026:

	Millions of yen	
	2025	2026
Yen-denominated insurance (First Sector)	¥ 717,257	¥ 641,078
Yen-denominated insurance (Third Sector)	572,708	411,992
Foreign currency denominated insurance	134,347	224,392
Subtotal	1,424,312	1,277,462
Policy account balances for single-payment whole life insurance	134,572	304,541
Fixed annuities and annuitization benefits	119,093	101,782
Policy account balances for variable annuity and variable life insurance contracts and market risk benefits	136,257	138,027
Others*	133,813	121,898
Total	¥1,948,047	¥1,943,710

* Others include unearned premiums and liabilities for unpaid claims.

The amount of undiscounted and discounted expected future gross premiums and expected future policy benefits and expenses as of March 31, 2025 and 2026 are as follows:

	Millions of yen			
	2025		2026	
	Undiscounted	Discounted	Undiscounted	Discounted
Yen-denominated insurance (First Sector)				
Expected future gross premiums	¥1,551,749	¥1,362,111	¥1,567,367	¥1,297,608
Expected future policy benefits and expenses	2,532,638	1,511,436	2,621,312	1,370,583
Yen-denominated insurance (Third Sector)				
Expected future gross premiums	2,456,942	2,003,392	2,293,632	1,713,873
Expected future policy benefits and expenses	2,552,133	1,659,960	2,637,437	1,344,482
Foreign currency denominated insurance				
Expected future gross premiums	617,771	493,328	583,537	478,421
Expected future policy benefits and expenses	1,288,727	442,939	1,340,021	495,324

For the fiscal year ended March 31, 2025 and 2026, the effects of net premium exceeding gross premiums in certain cohorts are immaterial in earnings for the respective periods.

The amounts of gross premiums and interest expense recognized in the consolidated statement of income for the fiscal year ended March 31, 2024, 2025 and 2026 are as follows:

	Millions of yen					
	Fiscal Year ended March 31, 2024		Fiscal Year ended March 31, 2025		Fiscal Year ended March 31, 2026	
	Gross premiums	Interest expense	Gross premiums	Interest expense	Gross premiums	Interest expense
Yen-denominated insurance (First Sector)	¥168,805	¥13,142	¥184,650	¥13,895	¥202,621	¥14,801
Yen-denominated insurance (Third Sector)	205,787	9,720	199,809	10,509	193,321	11,499
Foreign currency denominated insurance	82,332	5,243	87,400	7,062	90,734	8,679
Total	¥456,924	¥28,105	¥471,859	¥31,466	¥486,676	¥34,979

The weighted average discount rates for the liability for future policy benefits as of March 31, 2025 and 2026 are as follows:

	Weighted average rate	
	2025	2026
Yen-denominated insurance (First Sector)		
Weighted average of the original discount rates	1.8%	1.9%
Weighted average of the current discount rates	2.7	4.0
Yen-denominated insurance (Third Sector)		
Weighted average of the original discount rates	1.7	1.7
Weighted average of the current discount rates	2.7	4.2
Foreign currency denominated insurance		
Weighted average of the original discount rates	3.3	3.4
Weighted average of the current discount rates	5.9	6.0

The weighted average duration of the liability for future policy benefit as of March 31, 2025 and 2026 are as follows:

	Years	
	2025	2026
Yen-denominated insurance (First Sector)	35.1	30.6
Yen-denominated insurance (Third Sector)	32.5	34.2
Foreign currency denominated insurance	33.5	29.5

Assumptions for calculating the liability for future policy benefits include assumptions related to mortality, morbidity, lapse rates and discount rates. The Company and its subsidiaries reviewed their assumptions, recognized variances between actual and forecasted results and updated the assumptions during fiscal 2025 and 2026 as follows.

- Yen-denominated insurance (First Sector)

During fiscal 2025 the Company and its subsidiaries updated expected mortality and lapse rates due to the higher-than-expected mortality and lapse rates.

During fiscal 2026 the Company and its subsidiaries updated expected mortality and lapse rates due to the lower-than-expected mortality and the higher-than-expected lapse rates.

- Yen-denominated insurance (Third Sector)

During fiscal 2025 the Company and its subsidiaries updated expected mortality and lapse rates due to the higher-than-expected mortality and lapse rates. The actual morbidity excluding deemed hospitalization was lower-than-expected ever after reclassification of the legal category of COVID-19 by Japanese government. However, the relevant morbidity assumptions were not updated because the Company and its subsidiaries believe further observations are needed to determine whether such an assumption is temporary or permanent.

During fiscal 2026 the Company and its subsidiaries updated expected mortality and lapse rates due to the higher-than-expected mortality and lapse rates. In addition, the relevant morbidity assumptions were updated because the actual morbidity excluding deemed hospitalization remained lower-than-expected ever after reclassification of the legal category of COVID-19 by Japanese government.

- Foreign currency denominated insurance

During fiscal 2025 the Company and its subsidiaries updated expected mortality rates due to the different-from-expected mortality rates. In addition, lapse rates were higher-than-expected due to the impact of rapid exchange rate fluctuations. However, the relevant lapse rates were not updated because the Company and its subsidiaries believe further observations are needed to determine whether such an assumption is temporary or permanent.

During fiscal 2026 the Company and its subsidiaries used mortality assumptions generally consistent with those of the previous fiscal year, reflecting that actual mortality was broadly in line with expectations. In addition, lapse rates were updated due to higher-than-expected lapse rates, although the impact of rapid exchange rate fluctuations has subsided.

The market data underlying the discount rate was updated quarterly for both the fiscal year ended March 31, 2025 and for fiscal 2026.

For the effect of the changes in assumptions on expected net premiums and expected future policy benefits, see “Effect of changes in cash flow assumptions” and “Effect of changes in discount rates” in the tables that represent balances of and changes in the liability for future policy benefits.

The following tables present balances of and changes in the deferred policy acquisition costs as of and for the fiscal year ended March 31, 2025 and 2026:

	Millions of yen				
	2025				
	Yen-denominated insurance (First Sector)	Yen-denominated insurance (Third Sector)	Foreign currency denominated insurance	Single-payment whole life insurance	Total
Beginning balance	¥82,341	¥169,581	¥53,812	¥ 0	¥305,734
Capitalization	13,431	9,180	6,633	6,627	35,871
Amortization	(6,411)	(10,072)	(2,689)	(43)	(19,215)
Effect of changes in foreign exchange rate	0	0	(605)	(137)	(742)
Others*	0	0	0	(5,808)	(5,808)
Ending balance	¥89,361	¥168,689	¥57,151	¥ 639	¥315,840

	Millions of yen				
	2026				
	Yen-denominated insurance (First Sector)	Yen-denominated insurance (Third Sector)	Foreign currency denominated insurance	Single-payment whole life insurance	Total
Beginning balance	¥89,361	¥168,689	¥57,151	¥ 639	¥315,840
Capitalization	17,649	7,784	6,504	7,332	39,269
Amortization	(7,120)	(10,006)	(3,018)	(548)	(20,692)
Effect of changes in foreign exchange rate	0	0	4,278	917	5,195
Others*	0	0	0	(6,720)	(6,720)
Ending balance	¥99,890	¥166,467	¥64,915	¥ 1,620	¥332,892

* Others include adjustments of reinsurance.

Deferred policy acquisition costs are amortized over the expected term of the policies on a constant-level basis. The assumptions used for the amortization of deferred policy acquisition costs are consistent with the assumptions for the liability for future policy benefits. The underlying assumptions for deferred policy acquisition costs and the liability for future policy benefits are updated at the same time. In addition, deferred policy acquisition costs are included in other assets in the consolidated balance sheets.

The following table presents policy account balances for single-payment whole life insurance and fixed annuity and annuitization benefits by range of minimum guaranteed interest rates as of March 31, 2025 and 2026.

	Millions of yen		
	2025		
Range of minimum guaranteed interest rates	Minimum guarantees	Above minimum guarantees	
		50-150bp	150bp or more
0.00% - less than 1.50%	¥111,626	¥ 7,421	¥127,151
1.50% or more	7,467	0	0
Total	¥119,093	¥ 7,421	¥127,151

Range of minimum guaranteed interest rates	Millions of yen 2026		
	Minimum guarantees	Above minimum guarantees	
		50-150bp	150bp or more
0.00% - less than 1.50%	¥ 94,313	¥17,947	¥286,594
1.50% or more	7,469	0	0
Total	¥101,782	¥17,947	¥286,594

The following table provides information about single-payment whole life insurance for the fiscal year ended March 31, 2025 and 2026.

	Millions of yen	
	2025	2026
Beginning balance	¥ 0	¥134,572
New contract	136,863	148,468
Surrenders and partial surrenders	(66)	(6,555)
Benefit payments and lump sum payments, etc.	(49)	(950)
Policy charges	(188)	(2,107)
Interests	1,072	11,793
Effect of changes in foreign exchange rate	(3,060)	19,320
Ending balance	¥134,572	¥304,541

	2025	2026
Weighted average guaranteed interest rate (%)	3.9	5.5
Benefits in excess of policy account balances (Millions of yen)	¥ 0	¥ 0
Cash surrender value (Millions of yen)	127,659	292,731

The following table provides information about fixed annuity and annuitization benefits for the fiscal year ended March 31, 2025 and 2026.

	Millions of yen	
	2025	2026
Beginning balance	¥138,419	¥119,093
Transfer in	9,381	9,865
Surrenders and partial surrenders	(85)	(112)
Benefit payments and lump sum payments, etc.	(28,912)	(27,213)
Policy charges	(214)	(203)
Transfer out	(373)	(393)
Interests	895	786
Others	(18)	(41)
Ending balance	¥119,093	¥101,782

	2025	2026
Weighted average guaranteed interest rate (%)	0.7	0.7
Benefits in excess of policy account balances (Millions of yen)	¥ 0	¥ 0
Cash surrender value (Millions of yen)	113,492	96,433

The following table provides information about policy account balances for variable annuity and variable life insurance contracts and market risk benefits as of and for the fiscal year ended March 31, 2025 and 2026:

	Millions of yen	
	2025	2026
Beginning balance	¥167,207	¥136,257
Effect of changes other than through net income and other comprehensive income	(23,706)	(23,553)
Surrenders and withdrawals	(4,924)	(4,881)
Transfer in	(6,902)	(7,833)
Benefit payments	(11,851)	(10,748)
Others	(29)	(91)
Changes through net income	(7,292)	25,594
Effect of changes in fair value of corresponding investment assets	(3,538)	33,288
Fee income	(3,590)	(3,397)
Effect of changes in fair value of market risk benefits	(164)	(4,297)
Changes through other comprehensive income	48	(271)
Effect of changes in the instrument-specific credit risk	48	(271)
Ending balance	¥136,257	¥138,027

	Millions of yen	
	2025	2026
Policy account balances	¥136,662	¥143,000
Market risk benefits	(405)	(4,973)
Total	¥136,257	¥138,027

25. Write-Downs of Long-Lived Assets

The Company and its subsidiaries perform tests for recoverability on long-lived assets classified as held and used for which events or changes in circumstances indicated that the assets might be impaired. The Company and its subsidiaries consider an asset's carrying amount as not recoverable when such carrying amount exceeds the undiscounted future cash flows estimated to result from the use and eventual disposition of the asset. The net carrying amount of assets not recoverable is reduced to fair value if lower than the carrying amount.

As of March 31, 2025 and 2026, the long-lived assets and liabilities associated with those assets classified as held for sale in the accompanying consolidated balance sheets are as follows.

	Millions of yen	
	2025	2026
Investment in operating leases	¥ 7,230	¥69,685
Property under facility operations	15,217	31,883
Office facilities	3,558	4,291
Other assets	22	14,405
Other liabilities	221	18,414

The long-lived assets classified as held for sale as of March 31, 2025 are included in Corporate Financial Services and Maintenance Leasing segment, Real Estate segment, PE Investment and Concession segment, Environment and Energy segment and Aircraft and Ships segment. The long-lived assets classified as held for sale as of March 31, 2026 are included in Real Estate segment, PE Investment and Concession segment, Environment and Energy segment, Aircraft and Ships segment and Asia and Australia segment.

The Company and its subsidiaries determine the fair value using appraisals prepared by independent third party appraisers or our own staff of qualified appraisers, and others based on recent transactions involving sales of similar assets or other valuation techniques such as discounted cash flows methodologies using future cash flows estimated to be generated from operation of the existing assets or completion of development projects, as appropriate.

During fiscal 2024, 2025 and 2026, the Company and its subsidiaries recognized impairment losses for the difference between carrying amounts and fair values in the amount of ¥1,724 million, ¥25,933 million and ¥16,242 million, respectively, which are reflected as write-downs of long-lived assets. Breakdowns of these amounts are as follows.

	Write-downs of the assets held for sale		Write-downs due to decline in estimated future cash flows	
Fiscal Year ended March 31, 2024	**Amount (Millions of yen)**	**The number of properties**	**Amount (Millions of yen)**	**The number of properties**
Office buildings	¥ 0	—	¥ 641	2
Commercial facilities other than office buildings	0	—	547	4
Condominiums	0	1	30	22
Others*	134	—	372	—
Total	¥ 134	—	¥ 1,590	—

	Write-downs of the assets held for sale		Write-downs due to decline in estimated future cash flows	
Fiscal Year ended March 31, 2025	**Amount (Millions of yen)**	**The number of properties**	**Amount (Millions of yen)**	**The number of properties**
Condominiums	¥ 31	20	¥ 0	—
Others*	598	—	25,304	—
Total	¥ 629	—	¥25,304	—

	Write-downs of the assets held for sale		Write-downs due to decline in estimated future cash flows	
Fiscal Year ended March 31, 2026	**Amount (Millions of yen)**	**The number of properties**	**Amount (Millions of yen)**	**The number of properties**
Commercial facilities other than office buildings	¥ 28	1	¥ 668	1
Condominiums	43	8	0	—
Others*	8,669	—	6,834	—
Total	¥8,740	—	¥ 7,502	—

* For the "Others", the numbers of properties are omitted. Write-downs of long-lived assets for fiscal 2025 include write-downs of property under facility operations held by certain subsidiaries, of which ¥20,030 million related to write-downs of two coal-biomass co-fired power plants.

Breakdowns of these amounts by segment are provided in Note 32 "Segment Information."

26. Per Share Data

Reconciliation of the differences between basic and diluted earnings per share (EPS) in fiscal 2024, 2025 and 2026 is as follows:

In fiscal 2024, 2025 and 2026, there was no stock compensation which was antidilutive.

	Millions of yen		
	2024	2025	2026
Net Income attributable to ORIX Corporation Shareholders	¥ 346,132	¥ 351,630	¥ 447,265
Adjustment to Net Income	(7)	(35)	(96)
Net income used to calculate basic earnings per share	346,125	351,595	447,169
Adjustment to Net Income	7	35	96
Net income used to calculate diluted earnings per share	¥ 346,132	¥ 351,630	¥ 447,265

	Thousands of shares		
	2024	2025	2026
Weighted-average shares	1,159,367	1,142,503	1,117,160
Effect of dilutive securities			
Stock compensation	1,943	2,275	2,692
Weighted-average shares for diluted EPS computation	1,161,310	1,144,778	1,119,852

	Yen		
	2024	2025	2026
Earnings per share for net income attributable to ORIX Corporation Shareholders:			
Basic	¥ 298.55	¥ 307.74	¥ 400.27
Diluted	298.05	307.16	399.40

Note: The Company's shares held through the Board Incentive Plan Trust are included in the number of treasury stock to be deducted in calculation of the weighted-average shares for EPS computation (2,783,978 shares, 3,182,417 shares and 3,313,408 shares in fiscal 2024, 2025 and 2026).

27. Derivative Financial Instruments and Hedging

Risk management policy

The Company and its subsidiaries manage interest rate risk through asset-liability management ("ALM"). The Company and its subsidiaries use derivative financial instruments to hedge interest rate risk and avoid changes in interest rates that could have a significant adverse effect on the Company's results of operations. As a result of interest rate changes, the fair value and/or cash flow of interest sensitive assets and liabilities will fluctuate. However, such fluctuation will generally be offset by using derivative financial instruments as hedging instruments. Derivative financial instruments that the Company and its subsidiaries use as part of the interest risk management include interest rate swaps.

The Company and its subsidiaries appropriately manage exchange rate risk by using means such as foreign currency-denominated loans, foreign exchange contracts and currency swaps to hedge exchange rate volatility in our business transactions in foreign currencies and overseas investments. A certain subsidiary holds futures and foreign exchange contracts for the purpose of economic hedges against minimum guarantee risk of variable annuity and variable life insurance contracts.

By using derivative instruments, the Company and its subsidiaries are exposed to credit risk in the event of nonperformance by counterparties. The Company and its subsidiaries attempt to manage the credit risk by carefully evaluating the content of transactions and the quality of counterparties in advance and regularly monitoring the amount of notional principal, fair value, type of transaction and other factors pertaining to each counterparty.

The Company and its subsidiaries have no derivative instruments with credit-risk-related contingent features as of March 31, 2025 and 2026.

(a) Cash flow hedges

The Company and its subsidiaries designate interest rate swap agreements, foreign currency swap agreements, foreign exchange contracts and forward agreements as cash flow hedges for variability of cash flows originating from floating rate borrowings and forecasted transactions and for exchange fluctuations. Net gains (losses) before deducting applicable taxes on derivative contracts were reclassified from other comprehensive income (loss) into earnings when earnings were affected by the variability in cash flows of the designated hedged item. The amounts of these net gains (losses) after deducting applicable taxes were net gain of ¥2,947 million, net losses of ¥8,866 million and net gains of ¥2,062 million during fiscal 2024, 2025 and 2026, respectively. The amount of net derivative gain, ¥163 million, included in other comprehensive income (loss), net of applicable income taxes at March 31, 2026 will be reclassified into earnings within fiscal 2027.

(b) Fair value hedges

The Company and its subsidiaries use financial instruments designated as fair value hedges to hedge their exposure to interest rate risk and foreign currency exchange risk. A certain subsidiary designates foreign exchange contracts to minimize foreign currency exposures on bonds in foreign currencies in the insurance business. The subsidiary also uses interest rate swap agreements to hedge interest rate exposure of the fair values of bonds in foreign currencies in the insurance business.

(c) Hedges of net investment in foreign operations

The Company and its subsidiaries use foreign exchange contracts and borrowings and bonds denominated in foreign currencies to hedge the foreign currency exposure of the net investment in overseas subsidiaries and equity method investments.

(d) Derivatives not designated as hedging instruments

The Company and its subsidiaries entered into interest rate swap agreements, futures and foreign exchange contracts for risk management purposes which are not qualified for hedge accounting. A certain subsidiary holds futures and foreign exchange contracts for the purpose of economic hedges against minimum guarantee risk of variable annuity and variable life insurance contracts.

The effect of derivative instruments on the consolidated statements of income, pre-tax, for fiscal 2024 is as follows.

(1) Cash flow hedges

	Millions of yen			
		Gains (losses) reclassified from other comprehensive income (loss) into income		
	Gains (losses) recognized in other comprehensive income on derivative	Life insurance premiums and related investment income	Interest expense	Other (income) and expense
Interest rate swap agreements	¥(5,090)	¥ 0	¥ (114)	¥ 0
Foreign exchange contracts	(57)	0	0	0
Foreign currency swap agreements	2,733	0	2,521	(6,299)
Options held/written and other	(1,092)	(0)	0	0

(2) Fair value hedges

	Millions of yen			
	Gains (losses) recognized in income on derivative and other		Gains (losses) recognized in income on hedged item	
	Life insurance premiums and related investment income	Other (income) and expense	Life insurance premiums and related investment income	Other (income) and expense
Interest rate swap agreements	¥ (216)	¥ 0	¥ 335	¥ 0
Foreign exchange contracts	(61,917)	(130)	62,028	42

(3) Hedges of net investment in foreign operations

	Millions of yen		
		Gains (losses) reclassified from other comprehensive income (loss) into income	
	Gains (losses) recognized in other comprehensive income on derivative and others	Gains on sales of subsidiaries and equity method investments and liquidation losses, net	Interest expense
Foreign exchange contracts	¥(41,341)	¥(87)	¥14,865
Borrowings and bonds in foreign currencies	(97,221)	0	0

(4) Derivatives not designated as hedging instruments

	Millions of yen		
	Gains (losses) recognized in income on derivative		
	Life insurance premiums and related investment income*1	Interest expense*2	Other (income) and expense
Interest rate swap agreements	¥ 0	¥ 4	¥ 92
Futures	(3,046)	0	1,073
Foreign exchange contracts	40,127	2,980	16,152
Credit derivatives held/written	0	0	(27)
Options held/written and other	0	0	750

*1 Futures and foreign exchange contracts in the above table include gains (losses) arising from futures and foreign exchange contracts held to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts for fiscal 2024 (see Note 23 “Income and Expenses Relating to Life Insurance Operations”).

*2 The portion of gains (losses) recognized in income on derivative arising from foreign exchange contracts that represents interest rate adjustments is recognized as interest expense.

The effect of derivative instruments on the consolidated statements of income, pre-tax, for fiscal 2025 is as follows.

(1) Cash flow hedges

	Millions of yen			
		Gains (losses) reclassified from other comprehensive income (loss) into income		
	Gains (losses) recognized in other comprehensive income on derivative	Life insurance premiums and related investment income	Interest expense	Other (income) and expense
Interest rate swap agreements	¥ (2,226)	¥ 0	¥ (446)	¥ 0
Foreign exchange contracts	2,179	0	694	0
Foreign currency swap agreements	(10,239)	0	2,977	8,262
Options held/written and other	(8,059)	14	0	0

(2) Fair value hedges

	Millions of yen				
	Gains (losses) recognized in income on derivative and other			Gains (losses) recognized in income on hedged item	
	Life insurance premiums and related investment income	Interest expense	Other (income) and expense	Life insurance premiums and related investment income	Other (income) and expense
Interest rate swap agreements	¥ 147	¥ 0	¥ (91)	¥ (101)	¥ 92
Foreign exchange contracts	(6,028)	968	(1,223)	6,090	959

(3) Hedges of net investment in foreign operations

	Millions of yen		
		Gains (losses) reclassified from other comprehensive income (loss) into income	
	Gains (losses) recognized in other comprehensive income on derivative and others	Gains on sales of subsidiaries and equity method investments and liquidation losses, net	Interest expense
Foreign exchange contracts	¥ 1,488	¥(15,995)	¥10,597
Borrowings and bonds in foreign currencies	(13,601)	0	0

(4) Derivatives not designated as hedging instruments

	Millions of yen		
	Gains (losses) recognized in income on derivative		
	Life insurance premiums and related investment income*1	Interest expense*2	Other (income) and expense
Interest rate swap agreements	¥ 0	¥ 0	¥ 39
Futures	(262)	0	300
Foreign exchange contracts	(10,355)	(22,260)	(1,910)
Credit derivatives held/written	0	0	(0)
Options held/written and other	0	0	(7,399)

*1 Futures and foreign exchange contracts in the above table include gains (losses) arising from futures and foreign exchange contracts held to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts for fiscal 2025 (see Note 23 "Income and Expenses Relating to Life Insurance Operations").

*2 The portion of gains (losses) recognized in income on derivative arising from foreign exchange contracts that represents interest rate adjustments is recognized as interest expense.

The effect of derivative instruments on the consolidated statements of income, pre-tax, for fiscal 2026 is as follows.

(1) Cash flow hedges

	Millions of yen			
		Gains (losses) reclassified from other comprehensive income (loss) into income		
	Gains (losses) recognized in other comprehensive income on derivative	Life insurance premiums and related investment income	Interest expense	Other (income) and expense
Interest rate swap agreements	¥ 7,176	¥ 0	¥(1,186)	¥ 0
Foreign exchange contracts	1,141	0	946	(4,017)
Foreign currency swap agreements	5,447	0	2,720	(1,764)
Options held/written and other	(12,412)	125	0	0

(2) Fair value hedges

	Millions of yen				
	Gains (losses) recognized in income on derivative and other			Gains (losses) recognized in income on hedged item	
	Life insurance premiums and related investment income	Interest expense	Other (income) and expense	Life insurance premiums and related investment income	Other (income) and expense
Interest rate swap agreements	¥ 0	¥ 0	¥ (225)	¥ 0	¥ (0)
Foreign exchange contracts	44,810	4,571	9,183	(44,917)	(9,400)

(3) Hedges of net investment in foreign operations

	Millions of yen		
		Gains (losses) reclassified from other comprehensive income (loss) into income	
	Gains (losses) recognized in other comprehensive income on derivative and others	Gains on sales of subsidiaries and equity method investments and liquidation losses, net	Interest expense
Foreign exchange contracts	¥(14,009)	¥9,645	¥8,430
Borrowings and bonds in foreign currencies	(1,759)	0	0

(4) Derivatives not designated as hedging instruments

	Millions of yen		
	Gains (losses) recognized in income on derivative		
	Life insurance premiums and related investment income*1	Interest expense*2	Other (income) and expense
Interest rate swap agreements	¥ 0	¥ 0	¥ 17
Futures	(1,433)	0	2,784
Foreign exchange contracts	(30,694)	(6,679)	(6,308)
Credit derivatives held/written	0	0	16
Options held/written and other	0	0	(1,630)

*1 Futures and foreign exchange contracts in the above table include gains (losses) arising from futures and foreign exchange contracts held to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts for fiscal 2026 (see Note 23 "Income and Expenses Relating to Life Insurance Operations").

*2 The portion of gains (losses) recognized in income on derivative arising from foreign exchange contracts that represents interest rate adjustments is recognized as interest expense.

The effect of the components excluded from the assessment of hedge effectiveness on the consolidated statements of income, pre-tax, for fiscal 2024 is as follows.

Fair value hedges

	Millions of yen		
	Gains (losses) recognized in income		
	Life insurance premiums and related investment income	Interest expense	Other (income) and expense
Foreign exchange contracts	¥(25,208)	¥31	¥ 0
Options held/written and other	0	0	57

The effect of the components excluded from the assessment of hedge effectiveness on the consolidated statements of income, pre-tax, for fiscal 2025 is as follows.

Fair value hedges

	Millions of yen		
	Gains (losses) recognized in income		
	Life insurance premiums and related investment income	Interest expense	Other (income) and expense
Foreign exchange contracts	¥24,143	¥14	¥ 0
Options held/written and other	0	0	41

The carrying amount of hedged assets and liabilities recognized in balance sheets in fair value hedges and the cumulative amount of fair value hedging adjustments included in the carrying amount (excluding the effect of changes in foreign exchange rates) at March 31, 2025 is as follows.

Assets as hedged items in fair value hedges			Liabilities as hedged items in fair value hedges		
	Millions of yen			Millions of yen	
Consolidated balance sheets location	Carrying amount	The cumulative amount of fair value hedging adjustments included in the carrying amount	Consolidated balance sheets location	Carrying amount	The cumulative amount of fair value hedging adjustments included in the carrying amount
Investment in Securities	¥491,447	¥ 0	Long-term Debt	¥28,220	¥ 0
Installment Loans	22,451	(92)	—	—	—

The effect of the components excluded from the assessment of hedge effectiveness on the consolidated statements of income, pre-tax, for fiscal 2026 is as follows.

Fair value hedges

	Millions of yen	
	Gains (losses) recognized in income	
	Life insurance premiums and related investment income	Interest expense
Foreign exchange contracts	¥17,327	¥(12)

The carrying amount of hedged assets and liabilities recognized in balance sheets in fair value hedges and the cumulative amount of fair value hedging adjustments included in the carrying amount (excluding the effect of changes in foreign exchange rates) at March 31, 2026 is as follows.

Assets as hedged items in fair value hedges			Liabilities as hedged items in fair value hedges		
	Millions of yen			Millions of yen	
Consolidated balance sheets location	Carrying amount	The cumulative amount of fair value hedging adjustments included in the carrying amount	Consolidated balance sheets location	Carrying amount	The cumulative amount of fair value hedging adjustments included in the carrying amount
Investment in Securities	¥701,086	¥10,090	Long-term Debt	¥23,000	¥0

Notional amounts of derivative instruments and other, fair values of derivative instruments and other before offsetting at March 31, 2025 and 2026 are as follows.

March 31, 2025

		Derivative assets		Derivative liabilities	
	Notional amount	Fair value	Consolidated balance sheets location	Fair value	Consolidated balance sheets location
	Millions of yen	Millions of yen		Millions of yen	
Derivatives designated as hedging instruments and other:					
Interest rate swap agreements	¥ 676,691	¥17,788	Other Assets	¥ 2,768	Other Liabilities
Options held/written and other	94,608	98	Other Assets	7,323	Other Liabilities
Futures, foreign exchange contracts	932,649	9,515	Other Assets	25,445	Other Liabilities
Foreign currency swap agreements	303,060	9,570	Other Assets	159	Other Liabilities
Foreign currency long-term debt	250,702	0	—	0	—
Derivatives not designated as hedging instruments:					
Interest rate swap agreements	¥ 1,477	¥ 81	Other Assets	¥ 6	Other Liabilities
Options held/written and other	582,939	15,669	Other Assets	6,392	Other Liabilities
Futures, foreign exchange contracts*	1,592,590	11,449	Other Assets	13,942	Other Liabilities
Credit derivatives written	1,000	0	—	3	Other Liabilities

* The notional amounts of futures and foreign exchange contracts in the above table include futures contracts of ¥5,575 million and foreign exchange contracts of ¥2,205 million to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts at March 31, 2025, respectively. Derivative assets in the above table include fair value of the futures and foreign exchange contracts before offsetting of ¥38 million and ¥38 million and derivative liabilities include fair value of the futures and foreign exchange contracts before offsetting of ¥57 million and ¥11 million at March 31, 2025, respectively.

March 31, 2026

		Derivative assets		Derivative liabilities	
	Notional amount	Fair value	Consolidated balance sheets location	Fair value	Consolidated balance sheets location
	Millions of yen	Millions of yen		Millions of yen	
Derivatives designated as hedging instruments and other:					
Interest rate swap agreements	¥ 615,793	¥26,273	Other Assets	¥ 2,287	Other Liabilities
Options held/written and other	76,234	0	—	15,426	Other Liabilities
Futures, foreign exchange contracts	1,048,627	3,704	Other Assets	70,789	Other Liabilities
Foreign currency swap agreements	482,092	41,090	Other Assets	12	Other Liabilities
Foreign currency long-term debt	83,286	0	—	0	—
Derivatives not designated as hedging instruments:					
Interest rate swap agreements	¥ 2,274	¥ 85	Other Assets	¥ 2	Other Liabilities
Options held/written and other	774,332	17,402	Other Assets	6,117	Other Liabilities
Futures, foreign exchange contracts*	1,285,303	65,959	Other Assets	23,405	Other Liabilities
Credit derivatives held/written	1,372	0	—	23	Other Liabilities

* The notional amounts of futures and foreign exchange contracts in the above table include futures contracts of ¥1,741 million and foreign exchange contracts of ¥964 million to economically hedge the minimum guarantee risk of variable annuity and variable life insurance contracts at March 31, 2026, respectively. Derivative assets in the above table include fair value of the futures and foreign exchange contracts before offsetting of ¥47 million and ¥8 million and derivative liabilities include fair value of the futures and foreign exchange contracts before offsetting of ¥6 million and ¥23 million at March 31, 2026, respectively.

The Company and its subsidiaries have contracted credit derivatives for the purpose of trading. Details of credit derivatives written as of March 31, 2025 and 2026 are as follows.

March 31, 2025

Types of derivatives	The events or circumstances that would require the seller to perform under the credit derivative	Maximum potential amount of future payment under the credit derivative	Approximate remaining term of the credit derivative	Fair value of the credit derivative
		Millions of yen		Millions of yen
Credit default swap	In case of credit event (bankruptcy, failure to pay, restructuring) occurring in underlying reference company*	¥1,000	Less than three years	¥(3)

* Underlying reference company's credit ratings are A1 or better rated by rating agencies as of March 31, 2025.

March 31, 2026

Types of derivatives	The events or circumstances that would require the seller to perform under the credit derivative	Maximum potential amount of future payment under the credit derivative	Approximate remaining term of the credit derivative	Fair value of the credit derivative
		Millions of yen		Millions of yen
Credit default swap	In case of credit event (bankruptcy, failure to pay, restructuring) occurring in underlying reference company*	¥1,000	Less than two years	¥(2)

* Underlying reference company's credit ratings are A1 or better rated by rating agencies as of March 31, 2026.

28. Offsetting Assets and Liabilities

The gross amounts recognized, gross amounts offset, and net amounts presented in the consolidated balance sheets regarding derivative assets and liabilities as of March 31, 2025 and 2026 are as follows.

March 31, 2025

	Millions of yen					
				Gross amounts not offset in the consolidated balance sheets*2		
	Gross amounts recognized	Gross amounts offset in the consolidated balance sheets	Net amounts presented in the consolidated balance sheets	Financial instruments	Collateral received/ pledged	Net amount
Derivative assets	¥64,170	¥(20,495)	¥43,675	¥ 0	¥ (557)	¥43,118
Total assets	¥64,170	¥(20,495)	¥43,675	¥ 0	¥ (557)	¥43,118
Derivative liabilities	¥56,038	¥(20,495)	¥35,543	¥(13,802)	¥(12,777)	¥ 8,964
Total liabilities	¥56,038	¥(20,495)	¥35,543	¥(13,802)	¥(12,777)	¥ 8,964

March 31, 2026

	Millions of yen					
				Gross amounts not offset in the consolidated balance sheets*2		
	Gross amounts recognized	Gross amounts offset in the consolidated balance sheets*1	Net amounts presented in the consolidated balance sheets	Financial instruments	Collateral received/ pledged	Net amount
Derivative assets	¥154,513	¥(80,880)	¥73,633	¥ 0	¥(3,243)	¥70,390
Total assets	¥154,513	¥(80,880)	¥73,633	¥ 0	¥(3,243)	¥70,390
Derivative liabilities	¥118,061	¥(51,256)	¥66,805	¥(27,745)	¥(2,109)	¥36,951
Total liabilities	¥118,061	¥(51,256)	¥66,805	¥(27,745)	¥(2,109)	¥36,951

*1 Represents amounts offset between derivative assets and liabilities with the same counterparty, as well as cash collateral offset against net derivatives under enforceable master netting agreements or similar agreements.

*2 The balances related to enforceable master netting agreements or similar agreements which were not offset in the consolidated balance sheets.

29. Significant Concentrations of Credit Risk

The Company and its subsidiaries have established various policies and procedures to manage credit exposure, including initial credit approval, credit limits, collateral and guarantee requirements, obtaining rights of offset and continuous oversight. The Company and its subsidiaries' principal financial instrument portfolio consists of investment in net investment in leases which are secured by title to the leased assets and installment loans which are secured by assets specifically collateralized in relation to loan agreements. When deemed necessary, guarantees are also obtained. The value and adequacy of the collateral are continually monitored. Consequently, the risk of credit loss from counterparties' failure to perform in connection with collateralized financing activities is believed to be minimal. The Company and its subsidiaries have access to collateral in case of bankruptcy and other losses. However, a significant decline in real estate markets could result in a decline in fair value of the collateral real estate below the mortgage setting amount, which would expose the Company and certain subsidiaries to unsecured credit risk.

At March 31, 2025, no concentration with a single obligor exceeded 1% of the Company's consolidated total assets. At March 31, 2026, the balance of reinsurance recoverable from the largest obligor of a certain subsidiary represents 1.7% of the Company's consolidated total assets. With respect to the Company and its subsidiaries' credit exposures on a geographic basis, ¥8,343 billion, or 71%, at March 31, 2025 and ¥8,695 billion, or 70%, at March 31, 2026 of the credit risks arising from all financial instruments are attributable to customers located in Japan. The largest concentration of credit risk outside of Japan is exposure attributable to obligors located in the Americas. The gross amount of such exposure is ¥1,389 billion and ¥1,589 billion as of March 31, 2025 and 2026, respectively.

The Company and its subsidiaries have transportation equipment such as automobile operations and aircraft. Transportation equipment is mainly recorded in investment in net investment in leases and operating leases. In connection with investment in net investment in leases and operating leases, the percentage of investment in transportation equipment to consolidated total assets is 10.9% and 10.8% as of March 31, 2025 and 2026, respectively.

The Company and its subsidiaries provide consumers with real estate loans. In connection with installment loans, the percentage of real estate loans for consumers to consolidated total assets is 11.6% and 11.3% as of March 31, 2025 and 2026, respectively.

30. Estimated Fair Value of Financial Instruments

The following information is provided to help readers gain an understanding of the relationship between carrying amounts of financial instruments reported in the Company's consolidated balance sheets and the related market or fair value. The disclosures do not include net investment in leases, equity method investments, pension obligations and insurance contracts and reinsurance contracts except for those classified as investment contracts.

March 31, 2025

	Millions of yen				
	Carrying amount	Estimated fair value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	¥1,206,573	¥1,206,573	¥1,206,573	¥ 0	¥ 0
Restricted cash	115,410	115,410	115,410	0	0
Installment loans (net of allowance for credit losses)	4,043,271	4,018,629	0	42,940	3,975,689
Equity securities*1	418,690	418,690	137,014	119,466	162,210
Available-for-sale debt securities	2,607,637	2,607,637	12,243	2,377,740	217,654
Other Assets:					
Time deposits	1,400	1,400	0	1,400	0
Derivative assets*2	43,675	43,675	—	—	—
Reinsurance recoverables (Investment contracts)	138,441	126,480	0	0	126,480
Liabilities:					
Short-term debt	¥ 549,680	¥ 549,680	¥ 0	¥ 549,680	¥ 0
Deposits	2,280,597	2,279,207	0	2,279,207	0
Policy liabilities and Policy account balances (Investment contracts)	237,702	214,937	0	0	214,937
Long-term debt	5,733,118	5,678,828	0	1,705,485	3,973,343
Accounts payable (Contingent consideration)	15,259	15,259	0	0	15,259
Other Liabilities:					
Derivative liabilities*2	35,543	35,543	—	—	—

*1 The amount of ¥118,666 million of investment funds measured at net asset value per share is not included.

*2 It represents the amount after offset under counterparty netting of derivative assets and liabilities. For the information of input level before netting, see Note 2 "Fair Value Measurements."

March 31, 2026

	Millions of yen				
	Carrying amount	Estimated fair value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	¥1,334,945	¥1,334,945	¥1,334,945	¥ 0	¥ 0
Restricted cash	116,154	116,154	116,154	0	0
Installment loans (net of allowance for credit losses)	4,118,777	4,089,785	0	50,013	4,039,772
Equity securities*1	501,246	501,246	150,194	120,456	230,596
Available-for-sale debt securities	2,526,416	2,526,416	7,278	2,243,137	276,001
Other Assets:					
Time deposits	1,924	1,924	0	1,924	0
Derivative assets*2	73,633	73,633	—	—	—
Reinsurance recoverables (Investment contracts)	307,733	277,544	0	0	277,544
Liabilities:					
Short-term debt	¥ 572,235	¥ 572,235	¥ 0	¥ 572,235	¥ 0
Deposits	2,439,459	2,449,230	0	2,449,230	0
Policy liabilities and Policy account balances (Investment contracts)	390,523	331,178	0	0	331,178
Long-term debt	5,965,759	5,889,035	0	1,777,695	4,111,340
Accounts payable (Contingent consideration)	15,683	15,683	0	0	15,683
Other Liabilities:					
Derivative liabilities*2	66,805	66,805	—	—	—

*1 The amount of ¥168,854 million of investment funds measured at net asset value per share is not included.

*2 It represents the amount after offset under counterparty netting of derivative assets and liabilities. For the information of input level before netting, see Note 2 “Fair Value Measurements.”

Input level of fair value measurement

If active market prices are available, fair value measurement is based on quoted active market prices and classified as Level 1. If active market prices are not available, fair value measurement is based on observable inputs other than quoted prices included within Level 1 such as quoted market prices of similar assets and classified as Level 2. If market prices are not available and there are no observable inputs, then fair value is estimated by using valuation models including discounted cash flow methodologies, commonly used option-pricing models and broker quotes and classified as Level 3, as the valuation models and broker quotes are based on inputs that are unobservable in the market.

31. Commitments, Guarantees and Contingent Liabilities

Commitments—The Company and certain subsidiaries have unconditional purchase obligation related to lease agreements, having a cost of ¥11,491 million and ¥23,487 million as of March 31, 2025 and 2026, respectively.

Certain computer systems of the Company and certain subsidiaries have been operated and maintained under non-cancelable contracts with third-party service providers. For such services, the Company and certain

subsidiaries made payments totaling ¥9,348 million, ¥10,896 million and ¥11,192 million in fiscal 2024, 2025 and 2026, respectively. The longest contract of them will mature in fiscal 2031. As of March 31, 2025 and 2026, the amounts due are as follows:

Years ending March 31,	2025 Millions of yen	2026 Millions of yen
2026	5,809	—
2027	4,618	8,029
2028	2,884	5,359
2029	106	1,382
2030	51	802
2031	—	208
On or after 2031	1	—
On or after 2032	—	0
Total	¥13,469	¥15,780

The Company and certain subsidiaries have commitments to fund estimated construction costs and so forth to complete ongoing real estate development projects and other commitments, totaling ¥143,120 million and ¥144,135 million as of March 31, 2025 and 2026, respectively.

The Company and certain subsidiaries have agreements to commit to execute loans for customers, and to invest in funds, as long as the agreed-upon terms are met. As of March 31, 2025 and 2026, the total unused credit and capital amount available are ¥437,496 million and ¥567,563 million respectively.

Balance undrawn from the total amount of commitment to be used in accordance with the terms and conditions of relevant agreements to an equity method investee relating to the development of integrated resort was ¥270,168 million and ¥335,868 million as of March 31, 2025 and March 31, 2026. We will execute the amount of commitment depending on changes in circumstances such as the progress of the development.

Guarantees—At the inception of a guarantee, the Company and its subsidiaries recognize a liability in the consolidated balance sheets at fair value for the guarantee that is within the scope of ASC 460 ("Guarantees"). Some of these guarantees, whose contractual obligations cannot be unconditionally cancelled, are in the scope of the Credit Loss Standard and are recognized as other liabilities in the consolidated balance sheets. The following table represents the summary of potential future payments, book value recorded as guarantee liabilities of the guarantee contracts outstanding and maturity of the longest guarantee contracts as of March 31, 2025 and 2026:

	2025			2026		
	Millions of yen		Fiscal year	Millions of yen		Fiscal year
Guarantees	Potential future payment	Book value of guarantee liabilities	Maturity of the longest contract	Potential future payment	Book value of guarantee liabilities	Maturity of the longest contract
Corporate loans	¥ 558,862	¥ 5,223	2031	¥ 614,247	¥ 5,958	2033
Transferred loans	543,453	6,918	2062	609,536	13,760	2062
Real estate loans *	8,408	135	2048	6,524	0	Undetermined
Other	13,261	0	2044	18,225	0	2043
Total	¥1,123,984	¥12,276	—	¥1,248,532	¥19,718	—

* The maturity of the longest contract of the real estate loan guarantee contracts as of March 31, 2026 is not determinable, as the timing of completion of the mortgage registration cannot be determined.

Guarantee of corporate loans: The Company and certain subsidiaries mainly guarantee corporate loans issued by financial institutions for customers. The Company and the subsidiaries are obliged to pay the outstanding loans when the guaranteed customers fail to pay principal and/or interest in accordance with the contract terms. In some cases, the corporate loans are secured by the guaranteed customers' assets. Once the Company and the subsidiaries assume the guaranteed customers' obligation, the Company and the subsidiaries obtain a right to claim the collateral assets. In other cases, certain contracts that guarantee corporate loans issued by financial institutions for customers include contracts that the amounts of performance guarantee are limited to a certain range of guarantee commissions. As of March 31, 2025 and 2026, total notional amount of the loans subject to such guarantees are ¥469,000 million and ¥446,000 million, respectively, and book value of guarantee liabilities are ¥2,474 million and ¥2,448 million, respectively. The potential future payment amounts for these guarantees are limited to a certain range of the guarantee commissions, which are less than the total notional amounts of the loans subject to these guarantees. The potential future payment amounts for the contract period are calculated from the guarantee limit which is arranged by financial institutions in advance as to contracts that the amounts of performance guarantee are unlimited to a certain range of guarantee commissions. For this reason, the potential future payment amounts for these guarantees include the amount of the guarantee which may occur in the future, which is larger than the balance of guarantee executed as of the end of fiscal year. The executed guarantee balance includes defrayment by financial institutions which we bear temporarily at the time of execution, and credit risk for financial institutions until liquidation of this guarantee. Our substantial amounts of performance guarantee except credit risk for financial institutions are limited to our defrayment which is arranged by financial institutions in advance. In addition, the Company provides re-guarantees for guarantee obligations guaranteed by equity method investees.

Payment or performance risk of the guarantees is considered based on the historical experience of credit events. There have been no significant changes in the payment or performance risk of the guarantees in fiscal 2026.

Guarantee of transferred loans: A subsidiary in the United States is authorized to underwrite, originate, fund, and service multi-family and seniors housing loans without prior approval mainly from Fannie Mae under the Delegated Underwriting and Servicing program and Freddie Mac under the Delegated Underwriting Initiative program. As part of these programs, Fannie Mae and Freddie Mac provide a commitment to purchase the loans.

Under these programs, the subsidiary guarantees the performance of the loans transferred to Fannie Mae and Freddie Mac and has the payment or performance risk of the guarantees to absorb some of the losses when losses arise from the transferred loans. There were no significant changes in the payment or performance risk of these guarantees in fiscal 2026.

As of March 31, 2025 and 2026, the total outstanding principal amount of loans transferred under the Delegated Underwriting and Servicing program, for which the subsidiary guarantees to absorb some of the losses, were ¥2,683,671 million and ¥2,996,771 million, respectively.

Guarantee of real estate loans: As of March 31, 2025, real estate loan guarantees primarily consisted of transactions in which the Company and certain subsidiaries guarantee the repayment of residential real estate loans extended by Japanese financial institutions to third-party individuals. In the event that such loans become delinquent for generally three months or more, the Company and the relevant subsidiaries perform the obligations on behalf of the borrowers. These loans are typically secured by the underlying real estate, and, upon performance of the obligations, the Company and the relevant subsidiaries obtain the collateral assets. As of March 31, 2026, real estate loan guarantees primarily consist of transactions in which a subsidiary guarantees the repayment of residential real estate loans extended by Japanese financial institutions to third parties, including

guarantees for mortgage loans extended to individuals until the completion of the mortgage registration related to the underlying real estate.

Payment or performance risk of the guarantees is considered based on the historical experience of credit events. There were no significant changes in the payment or performance risk of the guarantees in fiscal 2026.

Other guarantees: Other guarantees include the guarantees to financial institutions and the guarantees derived from collection agency agreements. Pursuant to the contracts of the guarantees to financial institutions, a certain subsidiary pays to the financial institutions when customers of the financial institutions become debtors and default on the debts. Pursuant to the agreements of the guarantees derived from collection agency agreements, the Company and certain subsidiaries collect third parties' debt and pay the uncovered amounts. In addition to the above, joint guarantees for payment obligations of equity method investees are included.

Allowance for off-balance sheet credit exposures—If the entity has a present contractual obligation to extend credit and the obligation is not unconditionally cancelable by the entity, credit losses related the loan commitments of installment loans and financial guarantees are in the scope of the allowance for credit losses. For the loan commitments of installment loans, credit losses are recognized on the loan commitments for the portion expected to be drawn. For financial guarantees, the allowance is recognized for the contingent obligation which generates credit risk exposures. The allowance for off-balance sheet credit exposures is measured using the same measurement methodologies as the allowance for loans and net investment leases, considering quantitative and qualitative factors including historical loss experience, current economic and business conditions and reasonable and supportable forecasts. The allowance for off-balance sheet credit exposure is recorded as other liabilities in the consolidated balance sheets and the allowance were ¥9,766 million and ¥17,676 million as of March 31, 2025 and 2026, respectively. Additionally, the provision for credit losses in the consolidated statements of income in fiscal 2025 was ¥5,297 million, which was mainly due to the deterioration in macroeconomic forecasts in certain markets in the Americas compared with the previous year. The provision for credit losses in the consolidated statements of income in fiscal 2026 was ¥7,211 million, which was mainly due to the recognition of credit losses on certain commercial loans.

Contingencies—The Company and certain subsidiaries are involved in legal proceedings and claims in the ordinary course of business. In the opinion of management, none of such proceedings and claims will have a significant impact on the Company's financial position or results of operations.

32. Segment Information

The Group CEO, who is the Company's Chief Operating Decision Maker ("CODM"), regularly reviews the amounts equivalent to income before income taxes attributable to ORIX Corporation Shareholders for each business segment with available financial information in order to allocate resources and assess performance.

Based on our business management organization which is classified by the nature of major products and services, customer base, regulations, and business areas, our business is organized into ten operating segments: Corporate Financial Services and Maintenance Leasing, Real Estate, PE Investment and Concession, Environment and Energy, Insurance, Banking and Credit, Aircraft and Ships, ORIX USA, ORIX Europe, and Asia and Australia.

An overview of operations for each of the ten segments follows below.

Corporate Financial Services and Maintenance Leasing	:	Finance and fee business; leasing and rental of automobiles, electronic measuring instruments, and ICT-related equipment
Real Estate	:	Real estate development, rental and management; facility operations; real estate asset management
PE Investment and Concession	:	Private equity investment and concession
Environment and Energy	:	Domestic and overseas renewable energy; electric power retailing; ESCO services; sales of solar panels; recycling and waste management
Insurance	:	Life insurance
Banking and Credit	:	Banking and consumer finance
Aircraft and Ships	:	Aircraft investment and management; ship-related finance and investment, maritime asset management and ship brokerage
ORIX USA	:	Finance, investment and asset management in the Americas
ORIX Europe	:	Asset management of global equity and fixed income
Asia and Australia	:	Finance and investment businesses in Asia and Australia

The accounting policies of the segments are almost the same as those described in Note 1 “Significant Accounting and Reporting Policies” except for the treatment of income tax expenses, net income attributable to noncontrolling interests, and net income attributable to redeemable noncontrolling interests. The chief operating decision maker evaluates segment performance based on the amount equivalent to income before income taxes attributable to ORIX Corporation Shareholders. Therefore, net income attributable to noncontrolling interests, net income attributable to redeemable noncontrolling interests, and income tax expenses are not included in segment profit or loss. Most of selling, general and administrative expenses, including compensation costs that are directly related to the revenue generating activities of each segment and excluding the expenses that should be borne by ORIX Group as a whole, have been accumulated by and charged to each segment. Gains and losses that management does not consider for evaluating the performance of the segments, such as certain interest expenses and certain foreign exchange gains or losses (included in other (income) and expense) are excluded from the segment profits or losses, and are regarded as corporate items.

Assets attributed to each segment are total assets except for certain cash and head office assets.

Segment information for fiscal 2024, 2025 and 2026 is as follows:

	Millions of yen						
	Fiscal Year ended March 31, 2024						
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Finance revenues	¥ 61,428	¥ 6,134	¥ 6,679	¥ 1,478	¥ 300	¥80,653	¥ 7,769
Gains on investment securities and dividends	2,626	857	1,207	1,784	0	600	(130)
Operating leases	266,871	50,205	41,529	79	0	0	48,074
Life insurance premiums and related investment income	0	0	0	0	561,533	0	0
Sales of goods and real estate	3,934	111,013	249,085	3,771	0	0	97
Services income	110,100	303,483	80,668	158,486	2,036	7,321	9,381
Total Segment Revenues	444,959	471,692	379,168	165,598	563,869	88,574	65,191
Interest expense	5,418	3,016	2,978	11,093	14	5,302	11,596
Costs of operating leases	192,850	24,972	26,244	18	0	0	18,853
Life insurance costs	0	0	0	0	433,827	0	0
Costs of goods and real estate sold	3,234	90,931	168,404	2,236	0	0	96
Services expense	58,896	248,195	58,677	110,106	0	6,254	1,783
Other (income) and expense *	14,896	722	(2,330)	(4,633)	98	(306)	(3,600)
Selling, general and administrative expenses	88,621	41,542	89,864	18,670	59,309	32,886	10,345
Provision for credit losses, and write-downs of long-lived assets and securities	960	1,285	366	151	(2)	4,064	3
Total Segment Expenses	364,875	410,663	344,203	137,641	493,246	48,200	39,076
Equity in Net income (Loss) of equity method investments and others	3,160	6,026	9,002	10,115	203	56,979	18,251
Segment Profits	83,244	67,055	43,967	38,072	70,826	97,353	44,366
Significant non-cash items:							
Depreciation and amortization	153,208	18,376	26,644	23,975	17,138	1,821	20,366
Increase in policy liabilities and policy account balances	0	0	0	0	186,193	0	0
Bargain purchase gain	0	0	0	0	0	0	0
Impairment of goodwill and intangible assets	0	0	0	0	0	0	0
Expenditures for long-lived assets	184,794	57,828	20,345	54,959	350	12	174,525

ORIX Corporation and Subsidiaries

	Millions of yen			
	Fiscal Year ended March 31, 2024			
	ORIX USA	ORIX Europe	Asia and Australia	Total
Finance revenues	¥112,545	¥ 2,409	¥ 70,836	¥ 350,231
Gains on investment securities and dividends	6,446	10,711	7,885	31,986
Operating leases	1,225	0	122,624	530,607
Life insurance premiums and related investment income	0	0	0	561,533
Sales of goods and real estate	602	0	425	368,927
Services income	52,608	214,031	23,523	961,637
Total Segment Revenues	173,426	227,151	225,293	2,804,921
Interest expense	47,466	289	35,737	122,909
Costs of operating leases	547	0	90,336	353,820
Life insurance costs	0	0	0	433,827
Costs of goods and real estate sold	310	0	400	265,611
Services expense	4,331	54,224	15,039	557,505
Other (income) and expense *	(2,078)	2,666	(1,490)	3,945
Selling, general and administrative expenses	85,483	130,496	41,558	598,774
Provision for credit losses, and write-downs of long-lived assets and securities	7,937	217	8,027	23,008
Total Segment Expenses	143,996	187,892	189,607	2,359,399
Equity in Net income (Loss) of equity method investments and others	(1,499)	2,379	11,383	115,999
Segment Profits	27,931	41,638	47,069	561,521
Significant non-cash items:				
Depreciation and amortization	2,872	7,003	87,422	358,825
Increase in policy liabilities and policy account balances	0	0	0	186,193
Bargain purchase gain	0	0	0	0
Impairment of goodwill and intangible assets	0	0	0	0
Expenditures for long-lived assets	184	388	171,184	664,569

* Other (income) and expense includes items such as expenses of taxes and insurance premiums related to finance leases, impairment of goodwill and intangible assets, gains and losses on derivatives, and foreign exchange gains and losses.

ORIX Corporation and Subsidiaries

	Millions of yen						
	Fiscal Year ended March 31, 2025						
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Finance revenues	¥ 63,271	¥ 4,860	¥ 12,140	¥ 1,402	¥ 280	¥60,290	¥ 5,769
Gains on investment securities and dividends	2,647	1,282	851	3,128	0	100	(24)
Operating leases	282,433	61,321	42,698	79	0	0	96,856
Life insurance premiums and related investment income	0	0	0	0	518,084	0	0
Sales of goods and real estate	4,202	107,859	252,969	3,307	0	0	852
Services income	108,146	322,458	69,273	178,105	(1)	2,914	16,139
Total Segment Revenues	460,699	497,780	377,931	186,021	518,363	63,304	119,592
Interest expense	7,306	2,616	3,833	13,170	256	7,184	20,159
Costs of operating leases	201,286	24,167	26,389	18	0	0	40,986
Life insurance costs	0	0	0	0	384,910	0	0
Costs of goods and real estate sold	3,335	89,593	173,652	1,786	0	0	864
Services expense	57,372	264,952	48,890	136,118	0	7,590	6,724
Other (income) and expense *	18,305	1,664	10,622	446	(110)	40	68
Selling, general and administrative expenses	89,599	43,405	88,370	22,582	58,904	20,822	11,967
Provision for credit losses, and write-downs of long-lived assets and securities	2,199	3,098	1,743	20,573	4	(176)	3
Total Segment Expenses	379,402	429,495	353,499	194,693	443,964	35,460	80,771
Equity in Net income (Loss) of equity method investments and others	9,032	2,256	74,440	3,749	(0)	1,447	28,599
Segment Profits	90,329	70,541	98,872	(4,923)	74,399	29,291	67,420
Significant non-cash items:							
Depreciation and amortization	158,166	18,992	25,053	33,457	24,219	571	30,808
Increase in policy liabilities and policy account balances	0	0	0	0	268,258	0	0
Bargain purchase gain	0	0	0	0	0	0	0
Impairment of goodwill and intangible assets	0	0	11,149	0	0	0	0
Expenditures for long-lived assets	211,006	78,824	14,594	50,720	116	20	300,251

ORIX Corporation and Subsidiaries

	Millions of yen			
	Fiscal Year ended March 31, 2025			
	ORIX USA	ORIX Europe	Asia and Australia	Total
Finance revenues	¥102,627	¥ 4,077	¥ 74,961	¥ 329,677
Gains on investment securities and dividends	119	4,408	1,933	14,444
Operating leases	861	0	135,169	619,417
Life insurance premiums and related investment income	0	0	0	518,084
Sales of goods and real estate	543	0	751	370,483
Services income	50,078	248,782	23,406	1,019,300
Total Segment Revenues	154,228	257,267	236,220	2,871,405
Interest expense	40,016	665	41,761	136,966
Costs of operating leases	1,496	0	97,249	391,591
Life insurance costs	0	0	0	384,910
Costs of goods and real estate sold	307	0	684	270,221
Services expense	2,823	66,446	14,710	605,625
Other (income) and expense *	(3,382)	4,231	(5,654)	26,230
Selling, general and administrative expenses	95,406	138,859	44,342	614,256
Provision for credit losses, and write-downs of long-lived assets and securities	7,669	115	9,983	45,211
Total Segment Expenses	144,335	210,316	203,075	2,475,010
Equity in Net income (Loss) of equity method investments and others	30,022	(2,578)	1,306	148,273
Segment Profits	39,915	44,373	34,451	544,668
Significant non-cash items:				
Depreciation and amortization	2,687	6,234	93,705	393,892
Increase in policy liabilities and policy account balances	0	0	0	268,258
Bargain purchase gain	0	0	3,750	3,750
Impairment of goodwill and intangible assets	1,175	1,971	0	14,295
Expenditures for long-lived assets	2,326	1,143	177,320	836,320

* Other (income) and expense includes items such as expenses of taxes and insurance premiums related to finance leases, impairment of goodwill and intangible assets, gains and losses on derivatives, and foreign exchange gains and losses.

ORIX Corporation and Subsidiaries

	Millions of yen						
	Fiscal Year ended March 31, 2026						
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Finance revenues	¥ 68,600	¥ 5,052	¥ 15,243	¥ 11,938	¥ 141	¥78,903	¥ 3,853
Gains on investment securities and dividends	1,639	953	1,861	20,553	0	(5,348)	272
Operating leases	301,626	52,300	36,441	89	0	0	102,827
Life insurance premiums and related investment income	0	0	0	0	642,904	0	0
Sales of goods and real estate	4,689	126,074	301,345	3,311	0	0	1,093
Services income	111,288	346,522	87,063	173,340	0	2,884	21,971
Total Segment Revenues	487,842	530,901	441,953	209,231	643,045	76,439	130,016
Interest expense	12,025	5,721	5,321	15,499	545	19,809	19,386
Costs of operating leases	211,610	24,962	23,331	20	0	0	46,309
Life insurance costs	0	0	0	0	480,603	0	0
Costs of goods and real estate sold	3,778	108,329	212,658	2,050	0	0	1,120
Services expense	61,398	275,837	59,934	131,543	0	7,399	8,268
Other (income) and expense *	18,505	(2,512)	(3,460)	(5,158)	(3)	(89)	(1,527)
Selling, general and administrative expenses	88,127	46,996	92,620	26,037	58,979	23,854	15,328
Provision for credit losses, and write-downs of long-lived assets and securities	3,348	878	8,044	6,772	30	188	4
Total Segment Expenses	398,791	460,211	398,448	176,763	540,154	51,161	88,888
Equity in Net income (Loss) of equity method investments and others	11,689	7,819	82,106	83,304	(0)	1,934	25,480
Segment Profits	100,740	78,509	125,611	115,772	102,891	27,212	66,608
Significant non-cash items:							
Depreciation and amortization	168,128	19,797	20,049	32,268	20,121	(766)	32,231
Increase in policy liabilities and policy account balances	0	0	0	0	395,623	0	0
Bargain purchase gain	0	0	0	0	0	0	0
Impairment of goodwill and intangible assets	0	0	1,092	3,614	0	0	0
Expenditures for long-lived assets	237,759	65,955	16,874	59,772	513	155	230,164

ORIX Corporation and Subsidiaries

	Millions of yen			
	Fiscal Year ended March 31, 2026			
	ORIX USA	ORIX Europe	Asia and Australia	Total
Finance revenues	¥106,559	¥ 3,360	¥ 73,492	¥ 367,141
Gains on investment securities and dividends	89,425	13,869	5,830	129,054
Operating leases	2,670	0	139,189	635,142
Life insurance premiums and related investment income	0	0	0	642,904
Sales of goods and real estate	2,535	0	482	439,529
Services income	71,030	273,857	24,421	1,112,376
Total Segment Revenues	272,219	291,086	243,414	3,326,146
Interest expense	52,997	687	38,177	170,167
Costs of operating leases	2,851	0	99,936	409,019
Life insurance costs	0	0	0	480,603
Costs of goods and real estate sold	1,659	0	407	330,001
Services expense	1,947	72,084	15,898	634,308
Other (income) and expense *	51,322	4,586	(1,050)	60,614
Selling, general and administrative expenses	123,875	157,595	46,707	680,118
Provision for credit losses, and write-downs of long-lived assets and securities	25,342	148	7,169	51,923
Total Segment Expenses	259,993	235,100	207,244	2,816,753
Equity in Net income (Loss) of equity method investments and others	(11,272)	7,065	15,079	223,204
Segment Profits	954	63,051	51,249	732,597
Significant non-cash items:				
Depreciation and amortization	2,779	7,039	97,337	398,983
Increase in policy liabilities and policy account balances	0	0	0	395,623
Bargain purchase gain	0	0	0	0
Impairment of goodwill and intangible assets	52,738	0	0	57,444
Expenditures for long-lived assets	4,328	655	187,015	803,190

* Other (income) and expense includes items such as expenses of taxes and insurance premiums related to finance leases, impairment of goodwill and intangible assets, gains and losses on derivatives, and foreign exchange gains and losses.

Segment information as of March 31, 2024, 2025 and 2026 is as follows:

	Millions of yen						
	As of March 31, 2024						
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Net investment in leases	¥ 567,735	¥ 51,978	¥ 1,238	¥ 3,104	¥ 0	¥ 0	¥ 0
Installment loans	346,840	52	115,629	2,255	11,792	2,378,183	60,468
Investment in operating leases	535,655	278,191	56,286	250	26,876	0	557,867
Investment in securities	36,683	4,036	36,729	571	2,236,495	311,237	11,960
Property under facility operations and servicing assets	17,404	165,387	41,416	453,252	0	0	0
Inventories	928	174,990	47,553	2,463	0	0	733
Advances for finance lease and operating lease	3,400	114,649	5	0	0	0	9,232
Equity method investments	14,984	143,751	118,310	219,018	29,742	43,601	399,061
Advances for property under facility operations	0	8,183	4,466	44,962	0	0	0
Goodwill, intangible assets acquired in business combinations *1	28,693	52,898	351,202	121,174	4,452	0	19,114
Other assets *2	224,998	115,972	293,813	129,385	612,570	201,196	111,206
Segment Assets	1,777,320	1,110,087	1,066,647	976,434	2,921,927	2,934,217	1,169,641

	Millions of yen			
	As of March 31, 2024			
	ORIX USA	ORIX Europe	Asia and Australia	Total
Net investment in leases	¥ 505	¥ 0	¥ 530,426	¥ 1,154,986
Installment loans	699,384	0	343,936	3,958,539
Investment in operating leases	9,858	0	395,573	1,860,556
Investment in securities	509,172	82,568	33,520	3,262,971
Property under facility operations and servicing assets	79,747	0	1,849	759,055
Inventories	159	0	224	227,050
Advances for finance lease and operating lease	0	0	3,017	130,303
Equity method investments	61,415	11,907	271,682	1,313,471
Advances for property under facility operations	0	0	0	57,611
Goodwill, intangible assets acquired in business combinations *1	176,785	364,773	7,313	1,126,404
Other assets *2	157,459	202,891	121,693	2,171,183
Segment Assets	1,694,484	662,139	1,709,233	16,022,129

*1. In ORIX USA segment, there are no goodwill or intangible assets acquired in business combinations related to noncontrolling interests or redeemable noncontrolling interests.

In ORIX Europe segment, goodwill and intangible assets acquired in business combinations related to noncontrolling interests amount to ¥7,182 million, and there are no goodwill or intangible assets related to redeemable noncontrolling interests.

*2. Other assets include cash and cash equivalents, restricted cash, allowance for credit losses, trade notes, accounts and other receivables, office facilities, loans to ORIX and its subsidiaries, and reinsurance recoverables.

	Millions of yen						
	As of March 31, 2025						
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Net investment in leases	¥ 569,380	¥ 45,810	¥ 1,640	¥ 2,092	¥ 0	¥ 0	¥ 0
Installment loans	424,370	30	124,411	3,609	12,805	2,511,736	36,119
Investment in operating leases	557,625	311,377	46,796	237	26,167	0	599,813
Investment in securities	29,690	6,209	6,117	32,032	2,234,453	305,441	9,387
Property under facility operations and servicing assets	43,857	175,153	53,832	487,241	0	0	28
Inventories	433	182,652	41,021	2,551	0	0	1,588
Advances for finance lease and operating lease	6,177	78,044	3	0	0	0	27,816
Equity method investments	16,375	177,956	148,274	170,946	35,865	43,934	402,567
Advances for property under facility operations	143	7,401	728	70,081	0	0	0
Goodwill, intangible assets acquired in business combinations *1	25,268	50,801	331,003	120,743	4,452	0	43,024
Other assets *2	211,247	122,860	269,119	126,643	695,492	283,460	111,631
Segment Assets	1,884,565	1,158,293	1,022,944	1,016,175	3,009,234	3,144,571	1,231,973

ORIX Corporation and Subsidiaries

	Millions of yen			
	As of March 31, 2025			
	ORIX USA	ORIX Europe	Asia and Australia	Total
Net investment in leases	¥ 451	¥ 0	¥ 547,966	¥ 1,167,339
Installment loans	652,805	0	315,128	4,081,013
Investment in operating leases	21,260	0	394,764	1,958,039
Investment in securities	487,022	86,008	37,768	3,234,127
Property under facility operations and servicing assets	76,469	0	1,844	838,424
Inventories	137	0	615	228,997
Advances for finance lease and operating lease	0	0	4,833	116,873
Equity method investments	54,817	8,578	260,395	1,319,707
Advances for property under facility operations	0	0	51	78,404
Goodwill, intangible assets acquired in business combinations *1	171,884	354,801	6,986	1,108,962
Other assets *2	129,094	219,919	155,277	2,324,742
Segment Assets	1,593,939	669,306	1,725,627	16,456,627

*1. In ORIX USA segment, there are no goodwill or intangible assets acquired in business combinations related to noncontrolling interests or redeemable noncontrolling interests. In ORIX Europe segment, goodwill and intangible assets acquired in business combinations related to noncontrolling interests amount to ¥6,660 million, and there are no goodwill or intangible assets related to redeemable noncontrolling interests.

*2. Other assets include cash and cash equivalents, restricted cash, allowance for credit losses, trade notes, accounts and other receivables, office facilities, loans to ORIX and its subsidiaries, and reinsurance recoverables.

	Millions of yen						
	As of March 31, 2026						
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Net investment in leases	¥ 577,187	¥ 38,903	¥ 1,510	¥ 1,638	¥ 0	¥ 0	¥ 12,372
Installment loans	393,442	14	13,102	6,004	15,191	2,685,320	17,078
Investment in operating leases	609,965	369,596	45,398	241	25,457	0	590,639
Investment in securities	31,876	9,363	10,905	142,410	2,288,116	166,331	2,217
Property under facility operations and servicing assets	42,088	153,861	74,886	496,063	0	0	24
Inventories	384	218,937	44,370	3,401	0	0	826
Advances for finance lease and operating lease	7,106	50,332	1	0	0	0	28,431
Equity method investments	8,481	214,196	239,127	10,291	46,002	44,544	410,193
Advances for property under facility operations	5	8,136	3,996	115,763	0	0	0
Goodwill, intangible assets acquired in business combinations *1	24,450	48,750	352,682	117,197	4,452	0	55,804
Other assets *2	181,911	123,818	264,584	125,769	819,052	340,604	93,751
Segment Assets	1,876,895	1,235,906	1,050,561	1,018,777	3,198,270	3,236,799	1,211,335

ORIX Corporation and Subsidiaries

	Millions of yen			
	As of March 31, 2026			
	ORIX USA	ORIX Europe	Asia and Australia	Total
Net investment in leases	¥ 433	¥ 0	¥ 615,351	¥ 1,247,394
Installment loans	757,103	0	286,330	4,173,584
Investment in operating leases	39,605	0	463,491	2,144,392
Investment in securities	503,966	114,919	38,289	3,308,392
Property under facility operations and servicing assets	82,749	0	2,028	851,699
Inventories	699	0	267	268,884
Advances for finance lease and operating lease	0	0	4,210	90,080
Equity method investments	65,577	6,005	261,415	1,305,831
Advances for property under facility operations	0	0	0	127,900
Goodwill, intangible assets acquired in business combinations *1	297,167	393,782	7,098	1,301,382
Other assets *2	193,172	286,469	186,798	2,615,928
Segment Assets	1,940,471	801,175	1,865,277	17,435,466

*1. In ORIX USA segment, there are no goodwill or intangible assets acquired in business combinations related to noncontrolling interests. Goodwill and intangible assets acquired in business combinations related to redeemable noncontrolling interests amount to ¥47,981 million.
In ORIX Europe segment, goodwill and intangible assets acquired in business combinations related to noncontrolling interests amount to ¥7,196 million, and there are no goodwill or intangible assets related to redeemable noncontrolling interests.

*2. Other assets include cash and cash equivalents, restricted cash, allowance for credit losses, trade notes, accounts and other receivables, office facilities, loans to ORIX and its subsidiaries, and reinsurance recoverables.

The reconciliation of segment totals to consolidated financial statement amounts is as follows:

Significant items to be reconciled are segment revenues, segment profits and segment assets. Other items do not have a significant difference between segment amounts and consolidated amounts.

	Millions of yen		
	2024	2025	2026
Segment revenues:			
Total revenues for segments	¥ 2,804,921	¥ 2,871,405	¥ 3,326,146
Revenues related to corporate assets	64,922	64,628	84,865
Revenues from inter-segment transactions	(55,482)	(61,212)	(80,180)
Total consolidated revenues	¥ 2,814,361	¥ 2,874,821	¥ 3,330,831
Segment profits:			
Total segment profits	¥ 561,521	¥ 544,668	¥ 732,597
Corporate losses	(84,644)	(64,475)	(52,821)
Net income attributable to the noncontrolling interests and net income attributable to the redeemable noncontrolling interests	(6,902)	270	11,655
Total consolidated income before income taxes	¥ 469,975	¥ 480,463	¥ 691,431
Segment assets:			
Total segment assets	¥16,022,129	¥16,456,627	¥17,435,466
Corporate assets	2,307,313	2,494,395	2,956,157
Assets from inter-segment transactions	(2,007,342)	(2,084,771)	(2,388,847)
Total consolidated assets	¥16,322,100	¥16,866,251	¥18,002,776

The following information represents geographical revenues and income before income taxes, which are attributed to geographic areas, based on the country location of the Company and its subsidiaries.

	Millions of yen			
	Fiscal Year ended March 31, 2024			
	Japan	The Americas*1	Other*2	Total
Total Revenues	¥2,097,360	¥263,090	¥ 453,911	¥2,814,361
Income before Income Taxes	298,699	39,104	132,172	469,975
Long-lived assets	1,855,252	34,661	1,041,338	2,931,251

	Millions of yen			
	Fiscal Year ended March 31, 2025			
	Japan	The Americas*1	Other*2	Total
Total Revenues	¥2,125,234	¥270,100	¥ 479,487	¥2,874,821
Income before Income Taxes	302,628	68,154	109,681	480,463
Long-lived assets	1,849,310	43,124	1,185,989	3,078,423

	Millions of yen			
	Fiscal Year ended March 31, 2026			
	Japan	The Americas*1	Other*2	Total
Total Revenues	¥2,423,388	¥405,209	¥ 502,234	¥3,330,831
Income before Income Taxes	442,322	35,156	213,953	691,431
Long-lived assets	1,961,020	70,896	1,277,096	3,309,012

*1 Mainly the United States

*2 Mainly Asia, Europe and Australasia

No single customer accounted for 10% or more of the Company's total revenues for fiscal 2024, 2025 and 2026.

The following information represents disaggregation of revenues for revenues from contracts with customers, by goods or services category and geographical location.

	Millions of yen						
	Fiscal Year ended March 31, 2024						
	Reportable segments						
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Goods or services category							
Sales of goods	¥ 3,934	¥ 3,536	¥249,085	¥ 3,771	¥ 0	¥ 0	¥ 97
Real estate sales	0	107,477	0	0	0	0	0
Asset management and servicing	318	9,662	0	(6)	0	615	53
Automobile related services	65,942	0	0	239	0	0	0
Facilities operation	0	74,989	0	0	0	0	0
Environment and energy services	2,958	41	83	155,838	0	0	0
Real estate management and brokerage	0	101,229	0	0	0	0	0
Real estate contract work	0	104,875	47,233	0	0	0	0
Other	40,882	1,482	33,371	770	2,036	6,706	9,328
Total revenues from contracts with customers	114,034	403,291	329,772	160,612	2,036	7,321	9,478
Other revenues *	330,925	68,401	49,396	4,986	561,833	81,253	55,713
Segment revenues/Total revenues	¥444,959	¥471,692	¥379,168	¥165,598	¥563,869	¥88,574	¥65,191

	Millions of yen					
	Fiscal Year ended March 31, 2024					
	Reportable segments				Corporate revenue and intersegment transactions	Total revenues
	ORIX USA	ORIX Europe	Asia and Australia	Total		
Goods or services category						
Sales of goods	¥ 555	¥ 0	¥ 425	¥ 261,403	¥ 4,987	¥ 266,390
Real estate sales	47	0	0	107,524	0	107,524
Asset management and servicing	20,157	213,908	44	244,751	(243)	244,508
Automobile related services	0	0	22,141	88,322	3	88,325
Facilities operation	0	0	0	74,989	1,098	76,087
Environment and energy services	637	0	0	159,557	(1,482)	158,075
Real estate management and brokerage	0	0	0	101,229	(1,386)	99,843
Real estate contract work	0	0	0	152,108	(86)	152,022
Other	5,739	123	1,285	101,722	5,469	107,191
Total revenues from contracts with customers	27,135	214,031	23,895	1,291,605	8,360	1,299,965
Other revenues *	146,291	13,120	201,398	1,513,316	1,080	1,514,396
Segment revenues/Total revenues	¥173,426	¥227,151	¥225,293	¥2,804,921	¥ 9,440	¥2,814,361

* Other revenues include revenues that are not in the scope of revenue from contracts with customers, such as life insurance premiums and related investment income, operating leases, finance revenues that include interest income, and others.

	Millions of yen						
	Fiscal Year ended March 31, 2025						
	Reportable segments						
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Goods or services category							
Sales of goods	¥ 4,202	¥ 3,754	¥252,969	¥ 3,307	¥ 0	¥ 0	¥ 852
Real estate sales	0	104,105	0	0	0	0	0
Asset management and servicing	418	8,958	0	24	0	0	38
Automobile related services	65,250	0	0	196	0	0	0
Facilities operation	0	82,153	0	0	0	0	0
Environment and energy services	3,013	39	78	173,831	0	0	0
Real estate management and brokerage	0	103,831	0	0	0	0	0
Real estate contract work	574	115,437	50,880	0	0	0	0
Other	38,891	1,530	18,315	863	(1)	2,914	16,101
Total revenues from contracts with customers	112,348	419,807	322,242	178,221	(1)	2,914	16,991
Other revenues *	348,351	77,973	55,689	7,800	518,364	60,390	102,601
Segment revenues/Total revenues	¥460,699	¥497,780	¥377,931	¥186,021	¥518,363	¥63,304	¥119,592

	Millions of yen					
	Fiscal Year ended March 31, 2025					
	Reportable segments				Corporate revenue and intersegment transactions	Total revenues
	ORIX USA	ORIX Europe	Asia and Australia	Total		
Goods or services category						
Sales of goods	¥ 543	¥ 0	¥ 751	¥ 266,378	¥ 2,672	¥ 269,050
Real estate sales	0	0	0	104,105	0	104,105
Asset management and servicing	17,901	248,664	172	276,175	(246)	275,929
Automobile related services	0	0	21,737	87,183	(10)	87,173
Facilities operation	0	0	0	82,153	1,406	83,559
Environment and energy services	0	0	0	176,961	(1,310)	175,651
Real estate management and brokerage	0	0	0	103,831	(1,462)	102,369
Real estate contract work	0	0	0	166,891	(3,970)	162,921
Other	5,920	118	1,280	85,931	5,575	91,506
Total revenues from contracts with customers	24,364	248,782	23,940	1,349,608	2,655	1,352,263
Other revenues *	129,864	8,485	212,280	1,521,797	761	1,522,558
Segment revenues/Total revenues	¥154,228	¥257,267	¥236,220	¥2,871,405	¥ 3,416	¥2,874,821

* Other revenues include revenues that are not in the scope of revenue from contracts with customers, such as life insurance premiums and related investment income, operating leases, finance revenues that include interest income, and others.

	Millions of yen						
	Fiscal Year ended March 31, 2026						
	Reportable segments						
	Corporate Financial Services and Maintenance Leasing	Real Estate	PE Investment and Concession	Environment and Energy	Insurance	Banking and Credit	Aircraft and Ships
Goods or services category							
Sales of goods	¥ 4,689	¥ 4,141	¥301,345	¥ 3,311	¥ 0	¥ 0	¥ 1,093
Real estate sales	0	121,933	0	0	0	0	0
Asset management and servicing	102	8,157	0	97	0	0	22
Automobile related services	70,671	0	0	159	0	0	0
Facilities operation	0	97,994	3,344	0	0	0	0
Environment and energy services	3,161	40	0	167,228	0	0	0
Real estate management and brokerage	0	108,355	0	0	0	0	0
Real estate contract work	1,141	108,424	57,268	0	0	0	0
Other	36,164	1,447	26,028	1,649	0	2,884	21,949
Total revenues from contracts with customers	115,928	450,491	387,985	172,444	0	2,884	23,064
Other revenues *	371,914	80,410	53,968	36,787	643,045	73,555	106,952
Segment revenues/Total revenues	¥487,842	¥530,901	¥441,953	¥209,231	¥643,045	¥76,439	¥130,016

	Millions of yen					
	Fiscal Year ended March 31, 2026					
	Reportable segments				Corporate revenue and intersegment transactions	Total revenues
	ORIX USA	ORIX Europe	Asia and Australia	Total		
Goods or services category						
Sales of goods	¥ 2,535	¥ 0	¥ 482	¥ 317,596	¥ 3,057	¥ 320,653
Real estate sales	0	0	0	121,933	0	121,933
Asset management and servicing	15,604	273,831	267	298,080	(454)	297,626
Automobile related services	0	0	22,335	93,165	(154)	93,011
Facilities operation	0	0	0	101,338	1,618	102,956
Environment and energy services	0	0	0	170,429	(1,382)	169,047
Real estate management and brokerage	0	0	0	108,355	(1,345)	107,010
Real estate contract work	0	0	0	166,833	(2,571)	164,262
Other	31,589	26	1,495	123,231	4,300	127,531
Total revenues from contracts with customers	49,728	273,857	24,579	1,500,960	3,069	1,504,029
Other revenues *	222,491	17,229	218,835	1,825,186	1,616	1,826,802
Segment revenues/Total revenues	¥272,219	¥291,086	¥243,414	¥3,326,146	¥ 4,685	¥3,330,831

* Other revenues include revenues that are not in the scope of revenue from contracts with customers, such as life insurance premiums and related investment income, operating leases, finance revenues that include interest income, and others.

33. Subsequent Events

(1) On April 27, 2026, the Company entered into a share transfer agreement with Daiwa Next Bank, Ltd. to transfer all shares in ORIX Bank Corporation, a consolidated subsidiary of the Company (hereinafter, the "Target"). Pursuant to this agreement, the share transfer is scheduled to be completed by October 2026, and upon the completion of the transfer, the Target will be excluded from the Company's scope of consolidation. The Target is included in the Banking and Credit segment, and as the transfer is expected to be completed during the fiscal year ending March 31, 2027, the Company expects to record a net gain of approximately ¥124.2 billion on a pre-tax basis in connection with the transfer in the consolidated financial statements for that fiscal year.

(2) On May 11, 2026, the Company's Board of Directors has passed a resolution approving the matters required under Article 156, Paragraph 1 of the Companies Act for the repurchase of its own shares for capital efficiency and shareholder returns, pursuant to Articles 34 of the Articles of Incorporation, which is in accordance with Article 459, Paragraph 1 of the Companies Act.

Details of Share Repurchase

- Class of shares to be repurchased: Common shares
- Total number of shares: Up to 100,000,000 shares
  (approximately 9.1% of the total outstanding shares (excluding treasury shares))
- Total purchase price of shares to be repurchased: Up to 250 billion yen
- Repurchase period: From May 22, 2026 to March 31, 2027
- Method of share repurchase: Market purchases based on the discretionary dealing contract regarding repurchase of own shares

Schedule II.—Valuation and Qualifying Accounts and Reserves
ORIX Corporation and Subsidiaries

	Millions of yen					
	Year Ended March 31, 2024					
Description	Balance at beginning of period	Acquisitions	Addition: Charged to costs and expenses	Deduction	Translation adjustment	Balance at end of period
Restructuring cost:						
Closed office lease obligations	¥ 0	¥ 0	¥ 23	¥ 0	¥ 0	¥ 23
Severance and other benefits to terminated employees	¥ 480	¥ 0	¥ 122	¥ (480)	¥ 0	¥ 122
Total	¥ 480	¥ 0	¥ 145	¥ (480)	¥ 0	¥ 145

	Millions of yen					
	Year Ended March 31, 2025					
Description	Balance at beginning of period	Acquisitions	Addition: Charged to costs and expenses	Deduction	Translation adjustment	Balance at end of period
Restructuring cost:						
Closed office lease obligations	¥ 23	¥ 0	¥ 49	¥ (23)	¥ 0	¥ 49
Severance and other benefits to terminated employees	¥ 122	¥ 0	¥ 0	¥ (122)	¥ 0	¥ 0
Total	¥ 145	¥ 0	¥ 49	¥ (145)	¥ 0	¥ 49

	Millions of yen					
	Year Ended March 31, 2026					
Description	Balance at beginning of period	Acquisitions	Addition: Charged to costs and expenses	Deduction	Translation adjustment	Balance at end of period
Restructuring cost:						
Closed office lease obligations	¥ 49	¥ 0	¥ 0	¥ (38)	¥ 0	¥ 11
Severance and other benefits to terminated employees	¥ 0	¥ 0	¥ 323	¥ 0	¥ 0	¥ 323
Total	¥ 49	¥ 0	¥ 323	¥ (38)	¥ 0	¥ 334

	Millions of yen					
Description	Balance at beginning of period	Acquisitions	Addition: Charged to costs and expenses	Deduction*1	Other*2	Balance at end of period
Deferred tax assets:						
Valuation allowance						
Year ended March 31, 2024	¥37,287	¥ 0	¥12,714	¥(12,233)	¥1,278	¥39,046
Year ended March 31, 2025	¥39,046	¥ 0	¥ 8,481	¥(15,572)	¥3,890	¥35,845
Year ended March 31, 2026	¥35,845	¥37	¥11,873	¥ (3,369)	¥ (124)	¥44,262

*1 The amount of deduction includes benefits recognized in income tax expense, expiration of loss carryforwards and sales of subsidiaries. The amounts of benefits recognized in earnings due to the utilization of net operation loss carry forwards were ¥3,660 million in fiscal 2024, ¥3,380 million in fiscal 2025 and ¥1,877 million in fiscal 2026. The remaining amounts of benefits recognized in earnings were ¥3,613 million in fiscal 2024, ¥3,128 million in fiscal 2025 and ¥812 million in fiscal 2026.

*2 The amount of other includes, among others, translation adjustment and the effect of changes in statutory income tax rates.

Exhibit 8.1

LIST OF SUBSIDIARIES

Name	Country of Incorporation	Principal Business	ORIX Voting Power*
ORIX Auto Corporation	Japan	Automobile Leasing, Rental, Car Sharing and Sales of Used Automobiles	100%
ORIX Rentec Corporation	Japan	Rental and Leasing of Test and Measurement Instruments and ICT-Related Equipment	100%
Yodogawa Transformer Co., Ltd.	Japan	Manufacturing, Rental, and Sales of Power Receiving, Transforming, and Generating Facilities and Equipment, Various Types of Transformers, Cubicles, etc.	100%
ORIX Real Estate Corporation	Japan	Real Estate Investment, Development, Rental, Facility Operation and Management	100%
ORIX Real Estate Investment Advisors Corporation	Japan	Real Estate Investment and Advisory Services	100%
ORIX Asset Management Corporation	Japan	Asset Management of J-REIT	100%
DAIKYO INCORPORATED	Japan	Housing Development and Sales, Redevelopment	100%
ORIX Eco Services Corporation	Japan	Trading of Recycled Metals and other Resources, Collection and Transportation of Industrial Waste, and Intermediate Waste Processing	100%
Elawan Energy S.L.	Spain	Development and Operation of Wind and Solar Power Generation	100%
ORIX Life Insurance Corporation	Japan	Life Insurance	100%
ORIX Bank Corporation	Japan	Banking	100%
Santoku Senpaku Co., Ltd.	Japan	Ship-Owner Business and Ship Management	100%
ORIX Aviation Systems Limited	Ireland	Aircraft Leasing, Aircraft Asset Management	100%
ORIX Corporation USA	U.S.A.	Financial Services	100%
ORIX Corporation Europe N.V.	Netherlands	Asset Management	100%
ORIX Asia Limited	China (Hong Kong)	Leasing, Automobile Leasing, Lending, Banking	100%
ORIX Leasing Malaysia Berhad	Malaysia	Leasing, Lending	100%
PT. ORIX Indonesia Finance	Indonesia	Leasing, Automobile Leasing	85%
ORIX Australia Corporation Limited	Australia	Automobile Leasing and Truck Rentals	100%
ORIX (China) Investment Co., Ltd.	China	Equity Investment, Other Financial Services	100%
ORIX Capital Korea Corporation	South Korea	Automobile Leasing, Leasing, Lending	100%
Thai ORIX Leasing Co., Ltd	Thailand	Leasing, Automobile Leasing and Rentals	96%
ORIX Corporation India Limited	India	Automobile Leasing, ICT Leasing, Rentals, Leasing, Commercial Vehicle Loans, Commercial Mortgage Loans	99%
ORIX Leasing Singapore Limited	Singapore	Leasing, Sales Finance, Lending	100%
ORIX Auto Leasing Taiwan Corporation	Taiwan	Automobile Leasing	100%
Osaka City Dome Co., Ltd.	Japan	Management and Operation of Multipurpose Halls, and Planning, Production, and Operation of Various Events Including Sports	90%
Another 1,343 Subsidiaries			

*1 ORIX voting power includes ORIX's indirect voting power.

LIST OF AFFILIATES

Name	Country of Incorporation	Principal Business	ORIX Voting Power*
Kansai Airports	Japan	Airport Operation	40%
DOCOMO Finance	Japan	Consumer Finance Services	34%
Avolon Holdings Limited	Ireland	Aircraft Leasing	30%
Another 125 Affiliates			

*1 ORIX voting power includes ORIX's indirect voting power.

Exhibit 12.1

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Hidetake Takahashi, certify that:

1. I have reviewed this annual report on Form 20-F of ORIX KABUSHIKI KAISHA (the "company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: June 22, 2026

By: /s/ HIDETAKE TAKAHASHI
Name: Hidetake Takahashi
Title: Member of the Board of Directors
Representative Executive Officer
President and Chief Executive Officer
Responsible for Digital Innovation Unit

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Masataka Yamada, certify that:

1. I have reviewed this annual report on Form 20-F of ORIX KABUSHIKI KAISHA (the "company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: June 22, 2026

By: /s/ MASATAKA YAMADA
Name: Masataka Yamada
Title: Senior Managing Executive Officer
Chief Financial Officer and Chief Strategy Officer
Responsible for Corporate Strategy and Management Unit

Exhibit 13.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

The certification set forth below is being submitted in connection with the annual report of ORIX KABUSHIKI KAISHA on Form 20-F for the year ended March 31, 2026 (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the United States Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Hidetake Takahashi, the Chief Executive Officer and Masataka Yamada, the Chief Financial Officer of ORIX KABUSHIKI KAISHA, each certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of ORIX KABUSHIKI KAISHA.

Date: June 22, 2026

By: /s/ HIDETAKE TAKAHASHI
Name: Hidetake Takahashi
Title: Member of the Board of Directors
Representative Executive Officer
President and Chief Executive Officer
Responsible for Digital Innovation Unit

By: /s/ MASATAKA YAMADA
Name: Masataka Yamada
Title: Senior Managing Executive Officer
Chief Financial Officer and Chief Strategy Officer
Responsible for Corporate Strategy and Management Unit

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-273159) on Form F-3 of our reports dated June 22, 2026, with respect to the consolidated financial statements and financial statement schedule II of ORIX Corporation and its subsidiaries, and the effectiveness of internal control over financial reporting.

KPMG AZSA LLC
Tokyo, Japan
June 22, 2026